



Rep. William Davis

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1 AMENDMENT TO HOUSE BILL 1665

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 1665 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The State Budget Law of the Civil  
5 Administrative Code of Illinois is amended by adding Section  
6 50-30 as follows:

7 (15 ILCS 20/50-30 new)

8 Sec. 50-30. Deficit reduction and bill payment. In  
9 recognition of the State's fiscal problems caused by its  
10 structural deficit, in fiscal years 2012 and 2013, the General  
11 Assembly shall not increase overall General Revenue Fund  
12 appropriations, other than any incremental funding increases  
13 required to pay the State's public employee pension  
14 contributions or increases needed to comply with a court order  
15 or other legal requisite, to an amount that exceeds the General  
16 Revenue Fund appropriations for the previous fiscal year

1 adjusted by the percentage increase in the Consumer Price Index  
2 for All Urban Consumers as issued by the United States  
3 Department of Labor for the immediately preceding fiscal year.

4 Section 10. The Illinois Income Tax Act is amended by  
5 changing Sections 201, 203, and 212 and by adding Section 247  
6 as follows:

7 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

8 Sec. 201. Tax Imposed.

9 (a) In general. A tax measured by net income is hereby  
10 imposed on every individual, corporation, trust and estate for  
11 each taxable year ending after July 31, 1969 on the privilege  
12 of earning or receiving income in or as a resident of this  
13 State. Such tax shall be in addition to all other occupation or  
14 privilege taxes imposed by this State or by any municipal  
15 corporation or political subdivision thereof.

16 (b) Rates. The tax imposed by subsection (a) of this  
17 Section shall be determined as follows, except as adjusted by  
18 subsection (d-1):

19 (1) In the case of an individual, trust or estate, for  
20 taxable years ending prior to July 1, 1989, an amount equal  
21 to 2 1/2% of the taxpayer's net income for the taxable  
22 year.

23 (2) In the case of an individual, trust or estate, for  
24 taxable years beginning prior to July 1, 1989 and ending

1 after June 30, 1989, an amount equal to the sum of (i) 2  
2 1/2% of the taxpayer's net income for the period prior to  
3 July 1, 1989, as calculated under Section 202.3, and (ii)  
4 3% of the taxpayer's net income for the period after June  
5 30, 1989, as calculated under Section 202.3.

6 (3) In the case of an individual, trust or estate, for  
7 taxable years beginning after June 30, 1989 and before  
8 January 1, 2011, an amount equal to 3% of the taxpayer's  
9 net income for the taxable year.

10 (3.5) In the case of an individual, trust or estate,  
11 for taxable years beginning on or after January 1, 2011, an  
12 amount equal to 5% of the taxpayer's net income for the  
13 taxable year.

14 (4) (Blank).

15 (5) (Blank).

16 (6) In the case of a corporation, for taxable years  
17 ending prior to July 1, 1989, an amount equal to 4% of the  
18 taxpayer's net income for the taxable year.

19 (7) In the case of a corporation, for taxable years  
20 beginning prior to July 1, 1989 and ending after June 30,  
21 1989, an amount equal to the sum of (i) 4% of the  
22 taxpayer's net income for the period prior to July 1, 1989,  
23 as calculated under Section 202.3, and (ii) 4.8% of the  
24 taxpayer's net income for the period after June 30, 1989,  
25 as calculated under Section 202.3.

26 (8) In the case of a corporation, for taxable years

1 beginning after June 30, 1989 and before January 1, 2011,  
2 an amount equal to 4.8% of the taxpayer's net income for  
3 the taxable year.

4 (9) In the case of a corporation, for taxable years  
5 beginning on or after January 1, 2011, an amount equal to  
6 5% of the taxpayer's net income for the taxable year.

7 (c) Personal Property Tax Replacement Income Tax.  
8 Beginning on July 1, 1979 and thereafter, in addition to such  
9 income tax, there is also hereby imposed the Personal Property  
10 Tax Replacement Income Tax measured by net income on every  
11 corporation (including Subchapter S corporations), partnership  
12 and trust, for each taxable year ending after June 30, 1979.  
13 Such taxes are imposed on the privilege of earning or receiving  
14 income in or as a resident of this State. The Personal Property  
15 Tax Replacement Income Tax shall be in addition to the income  
16 tax imposed by subsections (a) and (b) of this Section and in  
17 addition to all other occupation or privilege taxes imposed by  
18 this State or by any municipal corporation or political  
19 subdivision thereof.

20 (d) Additional Personal Property Tax Replacement Income  
21 Tax Rates. The personal property tax replacement income tax  
22 imposed by this subsection and subsection (c) of this Section  
23 in the case of a corporation, other than a Subchapter S  
24 corporation and except as adjusted by subsection (d-1), shall  
25 be an additional amount equal to 2.85% of such taxpayer's net  
26 income for the taxable year, except that beginning on January

1 1, 1981, and thereafter, the rate of 2.85% specified in this  
2 subsection shall be reduced to 2.5%, and in the case of a  
3 partnership, trust or a Subchapter S corporation shall be an  
4 additional amount equal to 1.5% of such taxpayer's net income  
5 for the taxable year.

6 (d-1) Rate reduction for certain foreign insurers. In the  
7 case of a foreign insurer, as defined by Section 35A-5 of the  
8 Illinois Insurance Code, whose state or country of domicile  
9 imposes on insurers domiciled in Illinois a retaliatory tax  
10 (excluding any insurer whose premiums from reinsurance assumed  
11 are 50% or more of its total insurance premiums as determined  
12 under paragraph (2) of subsection (b) of Section 304, except  
13 that for purposes of this determination premiums from  
14 reinsurance do not include premiums from inter-affiliate  
15 reinsurance arrangements), beginning with taxable years ending  
16 on or after December 31, 1999, the sum of the rates of tax  
17 imposed by subsections (b) and (d) shall be reduced (but not  
18 increased) to the rate at which the total amount of tax imposed  
19 under this Act, net of all credits allowed under this Act,  
20 shall equal (i) the total amount of tax that would be imposed  
21 on the foreign insurer's net income allocable to Illinois for  
22 the taxable year by such foreign insurer's state or country of  
23 domicile if that net income were subject to all income taxes  
24 and taxes measured by net income imposed by such foreign  
25 insurer's state or country of domicile, net of all credits  
26 allowed or (ii) a rate of zero if no such tax is imposed on such

1 income by the foreign insurer's state of domicile. For the  
2 purposes of this subsection (d-1), an inter-affiliate includes  
3 a mutual insurer under common management.

4 (1) For the purposes of subsection (d-1), in no event  
5 shall the sum of the rates of tax imposed by subsections  
6 (b) and (d) be reduced below the rate at which the sum of:

7 (A) the total amount of tax imposed on such foreign  
8 insurer under this Act for a taxable year, net of all  
9 credits allowed under this Act, plus

10 (B) the privilege tax imposed by Section 409 of the  
11 Illinois Insurance Code, the fire insurance company  
12 tax imposed by Section 12 of the Fire Investigation  
13 Act, and the fire department taxes imposed under  
14 Section 11-10-1 of the Illinois Municipal Code,  
15 equals 1.25% for taxable years ending prior to December 31,  
16 2003, or 1.75% for taxable years ending on or after  
17 December 31, 2003, of the net taxable premiums written for  
18 the taxable year, as described by subsection (1) of Section  
19 409 of the Illinois Insurance Code. This paragraph will in  
20 no event increase the rates imposed under subsections (b)  
21 and (d).

22 (2) Any reduction in the rates of tax imposed by this  
23 subsection shall be applied first against the rates imposed  
24 by subsection (b) and only after the tax imposed by  
25 subsection (a) net of all credits allowed under this  
26 Section other than the credit allowed under subsection (i)

1           has been reduced to zero, against the rates imposed by  
2           subsection (d).

3           This subsection (d-1) is exempt from the provisions of  
4           Section 250.

5           (e) Investment credit. A taxpayer shall be allowed a credit  
6           against the Personal Property Tax Replacement Income Tax for  
7           investment in qualified property.

8           (1) A taxpayer shall be allowed a credit equal to .5%  
9           of the basis of qualified property placed in service during  
10          the taxable year, provided such property is placed in  
11          service on or after July 1, 1984. There shall be allowed an  
12          additional credit equal to .5% of the basis of qualified  
13          property placed in service during the taxable year,  
14          provided such property is placed in service on or after  
15          July 1, 1986, and the taxpayer's base employment within  
16          Illinois has increased by 1% or more over the preceding  
17          year as determined by the taxpayer's employment records  
18          filed with the Illinois Department of Employment Security.  
19          Taxpayers who are new to Illinois shall be deemed to have  
20          met the 1% growth in base employment for the first year in  
21          which they file employment records with the Illinois  
22          Department of Employment Security. The provisions added to  
23          this Section by Public Act 85-1200 (and restored by Public  
24          Act 87-895) shall be construed as declaratory of existing  
25          law and not as a new enactment. If, in any year, the  
26          increase in base employment within Illinois over the

1 preceding year is less than 1%, the additional credit shall  
2 be limited to that percentage times a fraction, the  
3 numerator of which is .5% and the denominator of which is  
4 1%, but shall not exceed .5%. The investment credit shall  
5 not be allowed to the extent that it would reduce a  
6 taxpayer's liability in any tax year below zero, nor may  
7 any credit for qualified property be allowed for any year  
8 other than the year in which the property was placed in  
9 service in Illinois. For tax years ending on or after  
10 December 31, 1987, and on or before December 31, 1988, the  
11 credit shall be allowed for the tax year in which the  
12 property is placed in service, or, if the amount of the  
13 credit exceeds the tax liability for that year, whether it  
14 exceeds the original liability or the liability as later  
15 amended, such excess may be carried forward and applied to  
16 the tax liability of the 5 taxable years following the  
17 excess credit years if the taxpayer (i) makes investments  
18 which cause the creation of a minimum of 2,000 full-time  
19 equivalent jobs in Illinois, (ii) is located in an  
20 enterprise zone established pursuant to the Illinois  
21 Enterprise Zone Act and (iii) is certified by the  
22 Department of Commerce and Community Affairs (now  
23 Department of Commerce and Economic Opportunity) as  
24 complying with the requirements specified in clause (i) and  
25 (ii) by July 1, 1986. The Department of Commerce and  
26 Community Affairs (now Department of Commerce and Economic

1 Opportunity) shall notify the Department of Revenue of all  
2 such certifications immediately. For tax years ending  
3 after December 31, 1988, the credit shall be allowed for  
4 the tax year in which the property is placed in service,  
5 or, if the amount of the credit exceeds the tax liability  
6 for that year, whether it exceeds the original liability or  
7 the liability as later amended, such excess may be carried  
8 forward and applied to the tax liability of the 5 taxable  
9 years following the excess credit years. The credit shall  
10 be applied to the earliest year for which there is a  
11 liability. If there is credit from more than one tax year  
12 that is available to offset a liability, earlier credit  
13 shall be applied first.

14 (2) The term "qualified property" means property  
15 which:

16 (A) is tangible, whether new or used, including  
17 buildings and structural components of buildings and  
18 signs that are real property, but not including land or  
19 improvements to real property that are not a structural  
20 component of a building such as landscaping, sewer  
21 lines, local access roads, fencing, parking lots, and  
22 other appurtenances;

23 (B) is depreciable pursuant to Section 167 of the  
24 Internal Revenue Code, except that "3-year property"  
25 as defined in Section 168(c)(2)(A) of that Code is not  
26 eligible for the credit provided by this subsection

1 (e);

2 (C) is acquired by purchase as defined in Section  
3 179(d) of the Internal Revenue Code;

4 (D) is used in Illinois by a taxpayer who is  
5 primarily engaged in manufacturing, or in mining coal  
6 or fluorite, or in retailing, or was placed in service  
7 on or after July 1, 2006 in a River Edge Redevelopment  
8 Zone established pursuant to the River Edge  
9 Redevelopment Zone Act; and

10 (E) has not previously been used in Illinois in  
11 such a manner and by such a person as would qualify for  
12 the credit provided by this subsection (e) or  
13 subsection (f).

14 (3) For purposes of this subsection (e),  
15 "manufacturing" means the material staging and production  
16 of tangible personal property by procedures commonly  
17 regarded as manufacturing, processing, fabrication, or  
18 assembling which changes some existing material into new  
19 shapes, new qualities, or new combinations. For purposes of  
20 this subsection (e) the term "mining" shall have the same  
21 meaning as the term "mining" in Section 613(c) of the  
22 Internal Revenue Code. For purposes of this subsection (e),  
23 the term "retailing" means the sale of tangible personal  
24 property for use or consumption and not for resale, or  
25 services rendered in conjunction with the sale of tangible  
26 personal property for use or consumption and not for

1 resale. For purposes of this subsection (e), "tangible  
2 personal property" has the same meaning as when that term  
3 is used in the Retailers' Occupation Tax Act, and, for  
4 taxable years ending after December 31, 2008, does not  
5 include the generation, transmission, or distribution of  
6 electricity.

7 (4) The basis of qualified property shall be the basis  
8 used to compute the depreciation deduction for federal  
9 income tax purposes.

10 (5) If the basis of the property for federal income tax  
11 depreciation purposes is increased after it has been placed  
12 in service in Illinois by the taxpayer, the amount of such  
13 increase shall be deemed property placed in service on the  
14 date of such increase in basis.

15 (6) The term "placed in service" shall have the same  
16 meaning as under Section 46 of the Internal Revenue Code.

17 (7) If during any taxable year, any property ceases to  
18 be qualified property in the hands of the taxpayer within  
19 48 months after being placed in service, or the situs of  
20 any qualified property is moved outside Illinois within 48  
21 months after being placed in service, the Personal Property  
22 Tax Replacement Income Tax for such taxable year shall be  
23 increased. Such increase shall be determined by (i)  
24 recomputing the investment credit which would have been  
25 allowed for the year in which credit for such property was  
26 originally allowed by eliminating such property from such

1 computation and, (ii) subtracting such recomputed credit  
2 from the amount of credit previously allowed. For the  
3 purposes of this paragraph (7), a reduction of the basis of  
4 qualified property resulting from a redetermination of the  
5 purchase price shall be deemed a disposition of qualified  
6 property to the extent of such reduction.

7 (8) Unless the investment credit is extended by law,  
8 the basis of qualified property shall not include costs  
9 incurred after December 31, 2013, except for costs incurred  
10 pursuant to a binding contract entered into on or before  
11 December 31, 2013.

12 (9) Each taxable year ending before December 31, 2000,  
13 a partnership may elect to pass through to its partners the  
14 credits to which the partnership is entitled under this  
15 subsection (e) for the taxable year. A partner may use the  
16 credit allocated to him or her under this paragraph only  
17 against the tax imposed in subsections (c) and (d) of this  
18 Section. If the partnership makes that election, those  
19 credits shall be allocated among the partners in the  
20 partnership in accordance with the rules set forth in  
21 Section 704(b) of the Internal Revenue Code, and the rules  
22 promulgated under that Section, and the allocated amount of  
23 the credits shall be allowed to the partners for that  
24 taxable year. The partnership shall make this election on  
25 its Personal Property Tax Replacement Income Tax return for  
26 that taxable year. The election to pass through the credits

1 shall be irrevocable.

2 For taxable years ending on or after December 31, 2000,  
3 a partner that qualifies its partnership for a subtraction  
4 under subparagraph (I) of paragraph (2) of subsection (d)  
5 of Section 203 or a shareholder that qualifies a Subchapter  
6 S corporation for a subtraction under subparagraph (S) of  
7 paragraph (2) of subsection (b) of Section 203 shall be  
8 allowed a credit under this subsection (e) equal to its  
9 share of the credit earned under this subsection (e) during  
10 the taxable year by the partnership or Subchapter S  
11 corporation, determined in accordance with the  
12 determination of income and distributive share of income  
13 under Sections 702 and 704 and Subchapter S of the Internal  
14 Revenue Code. This paragraph is exempt from the provisions  
15 of Section 250.

16 (f) Investment credit; Enterprise Zone; River Edge  
17 Redevelopment Zone.

18 (1) A taxpayer shall be allowed a credit against the  
19 tax imposed by subsections (a) and (b) of this Section for  
20 investment in qualified property which is placed in service  
21 in an Enterprise Zone created pursuant to the Illinois  
22 Enterprise Zone Act or, for property placed in service on  
23 or after July 1, 2006, a River Edge Redevelopment Zone  
24 established pursuant to the River Edge Redevelopment Zone  
25 Act. For partners, shareholders of Subchapter S  
26 corporations, and owners of limited liability companies,

1 if the liability company is treated as a partnership for  
2 purposes of federal and State income taxation, there shall  
3 be allowed a credit under this subsection (f) to be  
4 determined in accordance with the determination of income  
5 and distributive share of income under Sections 702 and 704  
6 and Subchapter S of the Internal Revenue Code. The credit  
7 shall be .5% of the basis for such property. The credit  
8 shall be available only in the taxable year in which the  
9 property is placed in service in the Enterprise Zone or  
10 River Edge Redevelopment Zone and shall not be allowed to  
11 the extent that it would reduce a taxpayer's liability for  
12 the tax imposed by subsections (a) and (b) of this Section  
13 to below zero. For tax years ending on or after December  
14 31, 1985, the credit shall be allowed for the tax year in  
15 which the property is placed in service, or, if the amount  
16 of the credit exceeds the tax liability for that year,  
17 whether it exceeds the original liability or the liability  
18 as later amended, such excess may be carried forward and  
19 applied to the tax liability of the 5 taxable years  
20 following the excess credit year. The credit shall be  
21 applied to the earliest year for which there is a  
22 liability. If there is credit from more than one tax year  
23 that is available to offset a liability, the credit  
24 accruing first in time shall be applied first.

25 (2) The term qualified property means property which:

26 (A) is tangible, whether new or used, including

1 buildings and structural components of buildings;

2 (B) is depreciable pursuant to Section 167 of the  
3 Internal Revenue Code, except that "3-year property"  
4 as defined in Section 168(c)(2)(A) of that Code is not  
5 eligible for the credit provided by this subsection  
6 (f);

7 (C) is acquired by purchase as defined in Section  
8 179(d) of the Internal Revenue Code;

9 (D) is used in the Enterprise Zone or River Edge  
10 Redevelopment Zone by the taxpayer; and

11 (E) has not been previously used in Illinois in  
12 such a manner and by such a person as would qualify for  
13 the credit provided by this subsection (f) or  
14 subsection (e).

15 (3) The basis of qualified property shall be the basis  
16 used to compute the depreciation deduction for federal  
17 income tax purposes.

18 (4) If the basis of the property for federal income tax  
19 depreciation purposes is increased after it has been placed  
20 in service in the Enterprise Zone or River Edge  
21 Redevelopment Zone by the taxpayer, the amount of such  
22 increase shall be deemed property placed in service on the  
23 date of such increase in basis.

24 (5) The term "placed in service" shall have the same  
25 meaning as under Section 46 of the Internal Revenue Code.

26 (6) If during any taxable year, any property ceases to

1 be qualified property in the hands of the taxpayer within  
2 48 months after being placed in service, or the situs of  
3 any qualified property is moved outside the Enterprise Zone  
4 or River Edge Redevelopment Zone within 48 months after  
5 being placed in service, the tax imposed under subsections  
6 (a) and (b) of this Section for such taxable year shall be  
7 increased. Such increase shall be determined by (i)  
8 recomputing the investment credit which would have been  
9 allowed for the year in which credit for such property was  
10 originally allowed by eliminating such property from such  
11 computation, and (ii) subtracting such recomputed credit  
12 from the amount of credit previously allowed. For the  
13 purposes of this paragraph (6), a reduction of the basis of  
14 qualified property resulting from a redetermination of the  
15 purchase price shall be deemed a disposition of qualified  
16 property to the extent of such reduction.

17 (7) There shall be allowed an additional credit equal  
18 to 0.5% of the basis of qualified property placed in  
19 service during the taxable year in a River Edge  
20 Redevelopment Zone, provided such property is placed in  
21 service on or after July 1, 2006, and the taxpayer's base  
22 employment within Illinois has increased by 1% or more over  
23 the preceding year as determined by the taxpayer's  
24 employment records filed with the Illinois Department of  
25 Employment Security. Taxpayers who are new to Illinois  
26 shall be deemed to have met the 1% growth in base

1 employment for the first year in which they file employment  
2 records with the Illinois Department of Employment  
3 Security. If, in any year, the increase in base employment  
4 within Illinois over the preceding year is less than 1%,  
5 the additional credit shall be limited to that percentage  
6 times a fraction, the numerator of which is 0.5% and the  
7 denominator of which is 1%, but shall not exceed 0.5%.

8 (g) Jobs Tax Credit; Enterprise Zone, River Edge  
9 Redevelopment Zone, and Foreign Trade Zone or Sub-Zone.

10 (1) A taxpayer conducting a trade or business in an  
11 enterprise zone or a High Impact Business designated by the  
12 Department of Commerce and Economic Opportunity or for  
13 taxable years ending on or after December 31, 2006, in a  
14 River Edge Redevelopment Zone conducting a trade or  
15 business in a federally designated Foreign Trade Zone or  
16 Sub-Zone shall be allowed a credit against the tax imposed  
17 by subsections (a) and (b) of this Section in the amount of  
18 \$500 per eligible employee hired to work in the zone during  
19 the taxable year.

20 (2) To qualify for the credit:

21 (A) the taxpayer must hire 5 or more eligible  
22 employees to work in an enterprise zone, River Edge  
23 Redevelopment Zone, or federally designated Foreign  
24 Trade Zone or Sub-Zone during the taxable year;

25 (B) the taxpayer's total employment within the  
26 enterprise zone, River Edge Redevelopment Zone, or

1           federally designated Foreign Trade Zone or Sub-Zone  
2           must increase by 5 or more full-time employees beyond  
3           the total employed in that zone at the end of the  
4           previous tax year for which a jobs tax credit under  
5           this Section was taken, or beyond the total employed by  
6           the taxpayer as of December 31, 1985, whichever is  
7           later; and

8           (C) the eligible employees must be employed 180  
9           consecutive days in order to be deemed hired for  
10          purposes of this subsection.

11          (3) An "eligible employee" means an employee who is:

12           (A) Certified by the Department of Commerce and  
13           Economic Opportunity as "eligible for services"  
14           pursuant to regulations promulgated in accordance with  
15           Title II of the Job Training Partnership Act, Training  
16           Services for the Disadvantaged or Title III of the Job  
17           Training Partnership Act, Employment and Training  
18           Assistance for Dislocated Workers Program.

19           (B) Hired after the enterprise zone, River Edge  
20           Redevelopment Zone, or federally designated Foreign  
21           Trade Zone or Sub-Zone was designated or the trade or  
22           business was located in that zone, whichever is later.

23           (C) Employed in the enterprise zone, River Edge  
24           Redevelopment Zone, or Foreign Trade Zone or Sub-Zone.  
25           An employee is employed in an enterprise zone or  
26           federally designated Foreign Trade Zone or Sub-Zone if

1 his services are rendered there or it is the base of  
2 operations for the services performed.

3 (D) A full-time employee working 30 or more hours  
4 per week.

5 (4) For tax years ending on or after December 31, 1985  
6 and prior to December 31, 1988, the credit shall be allowed  
7 for the tax year in which the eligible employees are hired.  
8 For tax years ending on or after December 31, 1988, the  
9 credit shall be allowed for the tax year immediately  
10 following the tax year in which the eligible employees are  
11 hired. If the amount of the credit exceeds the tax  
12 liability for that year, whether it exceeds the original  
13 liability or the liability as later amended, such excess  
14 may be carried forward and applied to the tax liability of  
15 the 5 taxable years following the excess credit year. The  
16 credit shall be applied to the earliest year for which  
17 there is a liability. If there is credit from more than one  
18 tax year that is available to offset a liability, earlier  
19 credit shall be applied first.

20 (5) The Department of Revenue shall promulgate such  
21 rules and regulations as may be deemed necessary to carry  
22 out the purposes of this subsection (g).

23 (6) The credit shall be available for eligible  
24 employees hired on or after January 1, 1986.

25 (h) Investment credit; High Impact Business.

26 (1) Subject to subsections (b) and (b-5) of Section 5.5

1 of the Illinois Enterprise Zone Act, a taxpayer shall be  
2 allowed a credit against the tax imposed by subsections (a)  
3 and (b) of this Section for investment in qualified  
4 property which is placed in service by a Department of  
5 Commerce and Economic Opportunity designated High Impact  
6 Business. The credit shall be .5% of the basis for such  
7 property. The credit shall not be available (i) until the  
8 minimum investments in qualified property set forth in  
9 subdivision (a)(3)(A) of Section 5.5 of the Illinois  
10 Enterprise Zone Act have been satisfied or (ii) until the  
11 time authorized in subsection (b-5) of the Illinois  
12 Enterprise Zone Act for entities designated as High Impact  
13 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and  
14 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone  
15 Act, and shall not be allowed to the extent that it would  
16 reduce a taxpayer's liability for the tax imposed by  
17 subsections (a) and (b) of this Section to below zero. The  
18 credit applicable to such investments shall be taken in the  
19 taxable year in which such investments have been completed.  
20 The credit for additional investments beyond the minimum  
21 investment by a designated high impact business authorized  
22 under subdivision (a)(3)(A) of Section 5.5 of the Illinois  
23 Enterprise Zone Act shall be available only in the taxable  
24 year in which the property is placed in service and shall  
25 not be allowed to the extent that it would reduce a  
26 taxpayer's liability for the tax imposed by subsections (a)

1 and (b) of this Section to below zero. For tax years ending  
2 on or after December 31, 1987, the credit shall be allowed  
3 for the tax year in which the property is placed in  
4 service, or, if the amount of the credit exceeds the tax  
5 liability for that year, whether it exceeds the original  
6 liability or the liability as later amended, such excess  
7 may be carried forward and applied to the tax liability of  
8 the 5 taxable years following the excess credit year. The  
9 credit shall be applied to the earliest year for which  
10 there is a liability. If there is credit from more than one  
11 tax year that is available to offset a liability, the  
12 credit accruing first in time shall be applied first.

13 Changes made in this subdivision (h) (1) by Public Act  
14 88-670 restore changes made by Public Act 85-1182 and  
15 reflect existing law.

16 (2) The term qualified property means property which:

17 (A) is tangible, whether new or used, including  
18 buildings and structural components of buildings;

19 (B) is depreciable pursuant to Section 167 of the  
20 Internal Revenue Code, except that "3-year property"  
21 as defined in Section 168(c) (2) (A) of that Code is not  
22 eligible for the credit provided by this subsection  
23 (h);

24 (C) is acquired by purchase as defined in Section  
25 179(d) of the Internal Revenue Code; and

26 (D) is not eligible for the Enterprise Zone

1 Investment Credit provided by subsection (f) of this  
2 Section.

3 (3) The basis of qualified property shall be the basis  
4 used to compute the depreciation deduction for federal  
5 income tax purposes.

6 (4) If the basis of the property for federal income tax  
7 depreciation purposes is increased after it has been placed  
8 in service in a federally designated Foreign Trade Zone or  
9 Sub-Zone located in Illinois by the taxpayer, the amount of  
10 such increase shall be deemed property placed in service on  
11 the date of such increase in basis.

12 (5) The term "placed in service" shall have the same  
13 meaning as under Section 46 of the Internal Revenue Code.

14 (6) If during any taxable year ending on or before  
15 December 31, 1996, any property ceases to be qualified  
16 property in the hands of the taxpayer within 48 months  
17 after being placed in service, or the situs of any  
18 qualified property is moved outside Illinois within 48  
19 months after being placed in service, the tax imposed under  
20 subsections (a) and (b) of this Section for such taxable  
21 year shall be increased. Such increase shall be determined  
22 by (i) recomputing the investment credit which would have  
23 been allowed for the year in which credit for such property  
24 was originally allowed by eliminating such property from  
25 such computation, and (ii) subtracting such recomputed  
26 credit from the amount of credit previously allowed. For

1           the purposes of this paragraph (6), a reduction of the  
2           basis of qualified property resulting from a  
3           redetermination of the purchase price shall be deemed a  
4           disposition of qualified property to the extent of such  
5           reduction.

6           (7) Beginning with tax years ending after December 31,  
7           1996, if a taxpayer qualifies for the credit under this  
8           subsection (h) and thereby is granted a tax abatement and  
9           the taxpayer relocates its entire facility in violation of  
10          the explicit terms and length of the contract under Section  
11          18-183 of the Property Tax Code, the tax imposed under  
12          subsections (a) and (b) of this Section shall be increased  
13          for the taxable year in which the taxpayer relocated its  
14          facility by an amount equal to the amount of credit  
15          received by the taxpayer under this subsection (h).

16          (i) Credit for Personal Property Tax Replacement Income  
17          Tax. For tax years ending prior to December 31, 2003, a credit  
18          shall be allowed against the tax imposed by subsections (a) and  
19          (b) of this Section for the tax imposed by subsections (c) and  
20          (d) of this Section. This credit shall be computed by  
21          multiplying the tax imposed by subsections (c) and (d) of this  
22          Section by a fraction, the numerator of which is base income  
23          allocable to Illinois and the denominator of which is Illinois  
24          base income, and further multiplying the product by the tax  
25          rate imposed by subsections (a) and (b) of this Section.

26          Any credit earned on or after December 31, 1986 under this

1 subsection which is unused in the year the credit is computed  
2 because it exceeds the tax liability imposed by subsections (a)  
3 and (b) for that year (whether it exceeds the original  
4 liability or the liability as later amended) may be carried  
5 forward and applied to the tax liability imposed by subsections  
6 (a) and (b) of the 5 taxable years following the excess credit  
7 year, provided that no credit may be carried forward to any  
8 year ending on or after December 31, 2003. This credit shall be  
9 applied first to the earliest year for which there is a  
10 liability. If there is a credit under this subsection from more  
11 than one tax year that is available to offset a liability the  
12 earliest credit arising under this subsection shall be applied  
13 first.

14 If, during any taxable year ending on or after December 31,  
15 1986, the tax imposed by subsections (c) and (d) of this  
16 Section for which a taxpayer has claimed a credit under this  
17 subsection (i) is reduced, the amount of credit for such tax  
18 shall also be reduced. Such reduction shall be determined by  
19 recomputing the credit to take into account the reduced tax  
20 imposed by subsections (c) and (d). If any portion of the  
21 reduced amount of credit has been carried to a different  
22 taxable year, an amended return shall be filed for such taxable  
23 year to reduce the amount of credit claimed.

24 (j) Training expense credit. Beginning with tax years  
25 ending on or after December 31, 1986 and prior to December 31,  
26 2003, a taxpayer shall be allowed a credit against the tax

1 imposed by subsections (a) and (b) under this Section for all  
2 amounts paid or accrued, on behalf of all persons employed by  
3 the taxpayer in Illinois or Illinois residents employed outside  
4 of Illinois by a taxpayer, for educational or vocational  
5 training in semi-technical or technical fields or semi-skilled  
6 or skilled fields, which were deducted from gross income in the  
7 computation of taxable income. The credit against the tax  
8 imposed by subsections (a) and (b) shall be 1.6% of such  
9 training expenses. For partners, shareholders of subchapter S  
10 corporations, and owners of limited liability companies, if the  
11 liability company is treated as a partnership for purposes of  
12 federal and State income taxation, there shall be allowed a  
13 credit under this subsection (j) to be determined in accordance  
14 with the determination of income and distributive share of  
15 income under Sections 702 and 704 and subchapter S of the  
16 Internal Revenue Code.

17 Any credit allowed under this subsection which is unused in  
18 the year the credit is earned may be carried forward to each of  
19 the 5 taxable years following the year for which the credit is  
20 first computed until it is used. This credit shall be applied  
21 first to the earliest year for which there is a liability. If  
22 there is a credit under this subsection from more than one tax  
23 year that is available to offset a liability the earliest  
24 credit arising under this subsection shall be applied first. No  
25 carryforward credit may be claimed in any tax year ending on or  
26 after December 31, 2003.

1 (k) Research and development credit.

2 For tax years ending after July 1, 1990 and prior to  
3 December 31, 2003, and beginning again for tax years ending on  
4 or after December 31, 2004, and ending prior to January 1,  
5 2011, a taxpayer shall be allowed a credit against the tax  
6 imposed by subsections (a) and (b) of this Section for  
7 increasing research activities in this State. The credit  
8 allowed against the tax imposed by subsections (a) and (b)  
9 shall be equal to 6 1/2% of the qualifying expenditures for  
10 increasing research activities in this State. For partners,  
11 shareholders of subchapter S corporations, and owners of  
12 limited liability companies, if the liability company is  
13 treated as a partnership for purposes of federal and State  
14 income taxation, there shall be allowed a credit under this  
15 subsection to be determined in accordance with the  
16 determination of income and distributive share of income under  
17 Sections 702 and 704 and subchapter S of the Internal Revenue  
18 Code.

19 For purposes of this subsection, "qualifying expenditures"  
20 means the qualifying expenditures as defined for the federal  
21 credit for increasing research activities which would be  
22 allowable under Section 41 of the Internal Revenue Code and  
23 which are conducted in this State, "qualifying expenditures for  
24 increasing research activities in this State" means the excess  
25 of qualifying expenditures for the taxable year in which  
26 incurred over qualifying expenditures for the base period,

1 "qualifying expenditures for the base period" means the average  
2 of the qualifying expenditures for each year in the base  
3 period, and "base period" means the 3 taxable years immediately  
4 preceding the taxable year for which the determination is being  
5 made.

6 Any credit in excess of the tax liability for the taxable  
7 year may be carried forward. A taxpayer may elect to have the  
8 unused credit shown on its final completed return carried over  
9 as a credit against the tax liability for the following 5  
10 taxable years or until it has been fully used, whichever occurs  
11 first; provided that no credit earned in a tax year ending  
12 prior to December 31, 2003 may be carried forward to any year  
13 ending on or after December 31, 2003, and no credit may be  
14 carried forward to any taxable year ending on or after January  
15 1, 2011.

16 If an unused credit is carried forward to a given year from  
17 2 or more earlier years, that credit arising in the earliest  
18 year will be applied first against the tax liability for the  
19 given year. If a tax liability for the given year still  
20 remains, the credit from the next earliest year will then be  
21 applied, and so on, until all credits have been used or no tax  
22 liability for the given year remains. Any remaining unused  
23 credit or credits then will be carried forward to the next  
24 following year in which a tax liability is incurred, except  
25 that no credit can be carried forward to a year which is more  
26 than 5 years after the year in which the expense for which the

1 credit is given was incurred.

2 No inference shall be drawn from this amendatory Act of the  
3 91st General Assembly in construing this Section for taxable  
4 years beginning before January 1, 1999.

5 (1) Environmental Remediation Tax Credit.

6 (i) For tax years ending after December 31, 1997 and on  
7 or before December 31, 2001, a taxpayer shall be allowed a  
8 credit against the tax imposed by subsections (a) and (b)  
9 of this Section for certain amounts paid for unreimbursed  
10 eligible remediation costs, as specified in this  
11 subsection. For purposes of this Section, "unreimbursed  
12 eligible remediation costs" means costs approved by the  
13 Illinois Environmental Protection Agency ("Agency") under  
14 Section 58.14 of the Environmental Protection Act that were  
15 paid in performing environmental remediation at a site for  
16 which a No Further Remediation Letter was issued by the  
17 Agency and recorded under Section 58.10 of the  
18 Environmental Protection Act. The credit must be claimed  
19 for the taxable year in which Agency approval of the  
20 eligible remediation costs is granted. The credit is not  
21 available to any taxpayer if the taxpayer or any related  
22 party caused or contributed to, in any material respect, a  
23 release of regulated substances on, in, or under the site  
24 that was identified and addressed by the remedial action  
25 pursuant to the Site Remediation Program of the  
26 Environmental Protection Act. After the Pollution Control

1 Board rules are adopted pursuant to the Illinois  
2 Administrative Procedure Act for the administration and  
3 enforcement of Section 58.9 of the Environmental  
4 Protection Act, determinations as to credit availability  
5 for purposes of this Section shall be made consistent with  
6 those rules. For purposes of this Section, "taxpayer"  
7 includes a person whose tax attributes the taxpayer has  
8 succeeded to under Section 381 of the Internal Revenue Code  
9 and "related party" includes the persons disallowed a  
10 deduction for losses by paragraphs (b), (c), and (f)(1) of  
11 Section 267 of the Internal Revenue Code by virtue of being  
12 a related taxpayer, as well as any of its partners. The  
13 credit allowed against the tax imposed by subsections (a)  
14 and (b) shall be equal to 25% of the unreimbursed eligible  
15 remediation costs in excess of \$100,000 per site, except  
16 that the \$100,000 threshold shall not apply to any site  
17 contained in an enterprise zone as determined by the  
18 Department of Commerce and Community Affairs (now  
19 Department of Commerce and Economic Opportunity). The  
20 total credit allowed shall not exceed \$40,000 per year with  
21 a maximum total of \$150,000 per site. For partners and  
22 shareholders of subchapter S corporations, there shall be  
23 allowed a credit under this subsection to be determined in  
24 accordance with the determination of income and  
25 distributive share of income under Sections 702 and 704 and  
26 subchapter S of the Internal Revenue Code.

1           (ii) A credit allowed under this subsection that is  
2 unused in the year the credit is earned may be carried  
3 forward to each of the 5 taxable years following the year  
4 for which the credit is first earned until it is used. The  
5 term "unused credit" does not include any amounts of  
6 unreimbursed eligible remediation costs in excess of the  
7 maximum credit per site authorized under paragraph (i).  
8 This credit shall be applied first to the earliest year for  
9 which there is a liability. If there is a credit under this  
10 subsection from more than one tax year that is available to  
11 offset a liability, the earliest credit arising under this  
12 subsection shall be applied first. A credit allowed under  
13 this subsection may be sold to a buyer as part of a sale of  
14 all or part of the remediation site for which the credit  
15 was granted. The purchaser of a remediation site and the  
16 tax credit shall succeed to the unused credit and remaining  
17 carry-forward period of the seller. To perfect the  
18 transfer, the assignor shall record the transfer in the  
19 chain of title for the site and provide written notice to  
20 the Director of the Illinois Department of Revenue of the  
21 assignor's intent to sell the remediation site and the  
22 amount of the tax credit to be transferred as a portion of  
23 the sale. In no event may a credit be transferred to any  
24 taxpayer if the taxpayer or a related party would not be  
25 eligible under the provisions of subsection (i).

26           (iii) For purposes of this Section, the term "site"

1 shall have the same meaning as under Section 58.2 of the  
2 Environmental Protection Act.

3 (m) Education expense credit. Beginning with tax years  
4 ending after December 31, 1999, a taxpayer who is the custodian  
5 of one or more qualifying pupils shall be allowed a credit  
6 against the tax imposed by subsections (a) and (b) of this  
7 Section for qualified education expenses incurred on behalf of  
8 the qualifying pupils. The credit shall be equal to 25% of  
9 qualified education expenses, but in no event may the total  
10 credit under this subsection claimed by a family that is the  
11 custodian of qualifying pupils exceed \$500. In no event shall a  
12 credit under this subsection reduce the taxpayer's liability  
13 under this Act to less than zero. This subsection is exempt  
14 from the provisions of Section 250 of this Act.

15 For purposes of this subsection:

16 "Qualifying pupils" means individuals who (i) are  
17 residents of the State of Illinois, (ii) are under the age of  
18 21 at the close of the school year for which a credit is  
19 sought, and (iii) during the school year for which a credit is  
20 sought were full-time pupils enrolled in a kindergarten through  
21 twelfth grade education program at any school, as defined in  
22 this subsection.

23 "Qualified education expense" means the amount incurred on  
24 behalf of a qualifying pupil in excess of \$250 for tuition,  
25 book fees, and lab fees at the school in which the pupil is  
26 enrolled during the regular school year.

1 "School" means any public or nonpublic elementary or  
2 secondary school in Illinois that is in compliance with Title  
3 VI of the Civil Rights Act of 1964 and attendance at which  
4 satisfies the requirements of Section 26-1 of the School Code,  
5 except that nothing shall be construed to require a child to  
6 attend any particular public or nonpublic school to qualify for  
7 the credit under this Section.

8 "Custodian" means, with respect to qualifying pupils, an  
9 Illinois resident who is a parent, the parents, a legal  
10 guardian, or the legal guardians of the qualifying pupils.

11 (n) River Edge Redevelopment Zone site remediation tax  
12 credit.

13 (i) For tax years ending on or after December 31, 2006,  
14 a taxpayer shall be allowed a credit against the tax  
15 imposed by subsections (a) and (b) of this Section for  
16 certain amounts paid for unreimbursed eligible remediation  
17 costs, as specified in this subsection. For purposes of  
18 this Section, "unreimbursed eligible remediation costs"  
19 means costs approved by the Illinois Environmental  
20 Protection Agency ("Agency") under Section 58.14a of the  
21 Environmental Protection Act that were paid in performing  
22 environmental remediation at a site within a River Edge  
23 Redevelopment Zone for which a No Further Remediation  
24 Letter was issued by the Agency and recorded under Section  
25 58.10 of the Environmental Protection Act. The credit must  
26 be claimed for the taxable year in which Agency approval of

1 the eligible remediation costs is granted. The credit is  
2 not available to any taxpayer if the taxpayer or any  
3 related party caused or contributed to, in any material  
4 respect, a release of regulated substances on, in, or under  
5 the site that was identified and addressed by the remedial  
6 action pursuant to the Site Remediation Program of the  
7 Environmental Protection Act. Determinations as to credit  
8 availability for purposes of this Section shall be made  
9 consistent with rules adopted by the Pollution Control  
10 Board pursuant to the Illinois Administrative Procedure  
11 Act for the administration and enforcement of Section 58.9  
12 of the Environmental Protection Act. For purposes of this  
13 Section, "taxpayer" includes a person whose tax attributes  
14 the taxpayer has succeeded to under Section 381 of the  
15 Internal Revenue Code and "related party" includes the  
16 persons disallowed a deduction for losses by paragraphs  
17 (b), (c), and (f) (1) of Section 267 of the Internal Revenue  
18 Code by virtue of being a related taxpayer, as well as any  
19 of its partners. The credit allowed against the tax imposed  
20 by subsections (a) and (b) shall be equal to 25% of the  
21 unreimbursed eligible remediation costs in excess of  
22 \$100,000 per site.

23 (ii) A credit allowed under this subsection that is  
24 unused in the year the credit is earned may be carried  
25 forward to each of the 5 taxable years following the year  
26 for which the credit is first earned until it is used. This

1 credit shall be applied first to the earliest year for  
2 which there is a liability. If there is a credit under this  
3 subsection from more than one tax year that is available to  
4 offset a liability, the earliest credit arising under this  
5 subsection shall be applied first. A credit allowed under  
6 this subsection may be sold to a buyer as part of a sale of  
7 all or part of the remediation site for which the credit  
8 was granted. The purchaser of a remediation site and the  
9 tax credit shall succeed to the unused credit and remaining  
10 carry-forward period of the seller. To perfect the  
11 transfer, the assignor shall record the transfer in the  
12 chain of title for the site and provide written notice to  
13 the Director of the Illinois Department of Revenue of the  
14 assignor's intent to sell the remediation site and the  
15 amount of the tax credit to be transferred as a portion of  
16 the sale. In no event may a credit be transferred to any  
17 taxpayer if the taxpayer or a related party would not be  
18 eligible under the provisions of subsection (i).

19 (iii) For purposes of this Section, the term "site"  
20 shall have the same meaning as under Section 58.2 of the  
21 Environmental Protection Act.

22 (iv) This subsection is exempt from the provisions of  
23 Section 250.

24 (Source: P.A. 95-454, eff. 8-27-07; 96-115, eff. 7-31-09;  
25 96-116, eff. 7-31-09; 96-937, eff. 6-23-10; 96-1000, eff.  
26 7-2-10.)

1 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

2 Sec. 203. Base income defined.

3 (a) Individuals.

4 (1) In general. In the case of an individual, base  
5 income means an amount equal to the taxpayer's adjusted  
6 gross income for the taxable year as modified by paragraph  
7 (2).

8 (2) Modifications. The adjusted gross income referred  
9 to in paragraph (1) shall be modified by adding thereto the  
10 sum of the following amounts:

11 (A) An amount equal to all amounts paid or accrued  
12 to the taxpayer as interest or dividends during the  
13 taxable year to the extent excluded from gross income  
14 in the computation of adjusted gross income, except  
15 stock dividends of qualified public utilities  
16 described in Section 305(e) of the Internal Revenue  
17 Code;

18 (B) An amount equal to the amount of tax imposed by  
19 this Act to the extent deducted from gross income in  
20 the computation of adjusted gross income for the  
21 taxable year;

22 (C) An amount equal to the amount received during  
23 the taxable year as a recovery or refund of real  
24 property taxes paid with respect to the taxpayer's  
25 principal residence under the Revenue Act of 1939 and

1           for which a deduction was previously taken under  
2           subparagraph (L) of this paragraph (2) prior to July 1,  
3           1991, the retrospective application date of Article 4  
4           of Public Act 87-17. In the case of multi-unit or  
5           multi-use structures and farm dwellings, the taxes on  
6           the taxpayer's principal residence shall be that  
7           portion of the total taxes for the entire property  
8           which is attributable to such principal residence;

9           (D) An amount equal to the amount of the capital  
10          gain deduction allowable under the Internal Revenue  
11          Code, to the extent deducted from gross income in the  
12          computation of adjusted gross income;

13          (D-5) An amount, to the extent not included in  
14          adjusted gross income, equal to the amount of money  
15          withdrawn by the taxpayer in the taxable year from a  
16          medical care savings account and the interest earned on  
17          the account in the taxable year of a withdrawal  
18          pursuant to subsection (b) of Section 20 of the Medical  
19          Care Savings Account Act or subsection (b) of Section  
20          20 of the Medical Care Savings Account Act of 2000;

21          (D-10) For taxable years ending after December 31,  
22          1997, an amount equal to any eligible remediation costs  
23          that the individual deducted in computing adjusted  
24          gross income and for which the individual claims a  
25          credit under subsection (l) of Section 201;

26          (D-15) For taxable years 2001 and thereafter, an

1 amount equal to the bonus depreciation deduction taken  
2 on the taxpayer's federal income tax return for the  
3 taxable year under subsection (k) of Section 168 of the  
4 Internal Revenue Code;

5 (D-16) If the taxpayer sells, transfers, abandons,  
6 or otherwise disposes of property for which the  
7 taxpayer was required in any taxable year to make an  
8 addition modification under subparagraph (D-15), then  
9 an amount equal to the aggregate amount of the  
10 deductions taken in all taxable years under  
11 subparagraph (Z) with respect to that property.

12 If the taxpayer continues to own property through  
13 the last day of the last tax year for which the  
14 taxpayer may claim a depreciation deduction for  
15 federal income tax purposes and for which the taxpayer  
16 was allowed in any taxable year to make a subtraction  
17 modification under subparagraph (Z), then an amount  
18 equal to that subtraction modification.

19 The taxpayer is required to make the addition  
20 modification under this subparagraph only once with  
21 respect to any one piece of property;

22 (D-17) An amount equal to the amount otherwise  
23 allowed as a deduction in computing base income for  
24 interest paid, accrued, or incurred, directly or  
25 indirectly, (i) for taxable years ending on or after  
26 December 31, 2004, to a foreign person who would be a

1 member of the same unitary business group but for the  
2 fact that foreign person's business activity outside  
3 the United States is 80% or more of the foreign  
4 person's total business activity and (ii) for taxable  
5 years ending on or after December 31, 2008, to a person  
6 who would be a member of the same unitary business  
7 group but for the fact that the person is prohibited  
8 under Section 1501(a)(27) from being included in the  
9 unitary business group because he or she is ordinarily  
10 required to apportion business income under different  
11 subsections of Section 304. The addition modification  
12 required by this subparagraph shall be reduced to the  
13 extent that dividends were included in base income of  
14 the unitary group for the same taxable year and  
15 received by the taxpayer or by a member of the  
16 taxpayer's unitary business group (including amounts  
17 included in gross income under Sections 951 through 964  
18 of the Internal Revenue Code and amounts included in  
19 gross income under Section 78 of the Internal Revenue  
20 Code) with respect to the stock of the same person to  
21 whom the interest was paid, accrued, or incurred.

22 This paragraph shall not apply to the following:

23 (i) an item of interest paid, accrued, or  
24 incurred, directly or indirectly, to a person who  
25 is subject in a foreign country or state, other  
26 than a state which requires mandatory unitary

1 reporting, to a tax on or measured by net income  
2 with respect to such interest; or

3 (ii) an item of interest paid, accrued, or  
4 incurred, directly or indirectly, to a person if  
5 the taxpayer can establish, based on a  
6 preponderance of the evidence, both of the  
7 following:

8 (a) the person, during the same taxable  
9 year, paid, accrued, or incurred, the interest  
10 to a person that is not a related member, and

11 (b) the transaction giving rise to the  
12 interest expense between the taxpayer and the  
13 person did not have as a principal purpose the  
14 avoidance of Illinois income tax, and is paid  
15 pursuant to a contract or agreement that  
16 reflects an arm's-length interest rate and  
17 terms; or

18 (iii) the taxpayer can establish, based on  
19 clear and convincing evidence, that the interest  
20 paid, accrued, or incurred relates to a contract or  
21 agreement entered into at arm's-length rates and  
22 terms and the principal purpose for the payment is  
23 not federal or Illinois tax avoidance; or

24 (iv) an item of interest paid, accrued, or  
25 incurred, directly or indirectly, to a person if  
26 the taxpayer establishes by clear and convincing

1 evidence that the adjustments are unreasonable; or  
2 if the taxpayer and the Director agree in writing  
3 to the application or use of an alternative method  
4 of apportionment under Section 304(f).

5 Nothing in this subsection shall preclude the  
6 Director from making any other adjustment  
7 otherwise allowed under Section 404 of this Act for  
8 any tax year beginning after the effective date of  
9 this amendment provided such adjustment is made  
10 pursuant to regulation adopted by the Department  
11 and such regulations provide methods and standards  
12 by which the Department will utilize its authority  
13 under Section 404 of this Act;

14 (D-18) An amount equal to the amount of intangible  
15 expenses and costs otherwise allowed as a deduction in  
16 computing base income, and that were paid, accrued, or  
17 incurred, directly or indirectly, (i) for taxable  
18 years ending on or after December 31, 2004, to a  
19 foreign person who would be a member of the same  
20 unitary business group but for the fact that the  
21 foreign person's business activity outside the United  
22 States is 80% or more of that person's total business  
23 activity and (ii) for taxable years ending on or after  
24 December 31, 2008, to a person who would be a member of  
25 the same unitary business group but for the fact that  
26 the person is prohibited under Section 1501(a)(27)

1 from being included in the unitary business group  
2 because he or she is ordinarily required to apportion  
3 business income under different subsections of Section  
4 304. The addition modification required by this  
5 subparagraph shall be reduced to the extent that  
6 dividends were included in base income of the unitary  
7 group for the same taxable year and received by the  
8 taxpayer or by a member of the taxpayer's unitary  
9 business group (including amounts included in gross  
10 income under Sections 951 through 964 of the Internal  
11 Revenue Code and amounts included in gross income under  
12 Section 78 of the Internal Revenue Code) with respect  
13 to the stock of the same person to whom the intangible  
14 expenses and costs were directly or indirectly paid,  
15 incurred, or accrued. The preceding sentence does not  
16 apply to the extent that the same dividends caused a  
17 reduction to the addition modification required under  
18 Section 203(a)(2)(D-17) of this Act. As used in this  
19 subparagraph, the term "intangible expenses and costs"  
20 includes (1) expenses, losses, and costs for, or  
21 related to, the direct or indirect acquisition, use,  
22 maintenance or management, ownership, sale, exchange,  
23 or any other disposition of intangible property; (2)  
24 losses incurred, directly or indirectly, from  
25 factoring transactions or discounting transactions;  
26 (3) royalty, patent, technical, and copyright fees;

1           (4) licensing fees; and (5) other similar expenses and  
2 costs. For purposes of this subparagraph, "intangible  
3 property" includes patents, patent applications, trade  
4 names, trademarks, service marks, copyrights, mask  
5 works, trade secrets, and similar types of intangible  
6 assets.

7           This paragraph shall not apply to the following:

8           (i) any item of intangible expenses or costs  
9 paid, accrued, or incurred, directly or  
10 indirectly, from a transaction with a person who is  
11 subject in a foreign country or state, other than a  
12 state which requires mandatory unitary reporting,  
13 to a tax on or measured by net income with respect  
14 to such item; or

15           (ii) any item of intangible expense or cost  
16 paid, accrued, or incurred, directly or  
17 indirectly, if the taxpayer can establish, based  
18 on a preponderance of the evidence, both of the  
19 following:

20           (a) the person during the same taxable  
21 year paid, accrued, or incurred, the  
22 intangible expense or cost to a person that is  
23 not a related member, and

24           (b) the transaction giving rise to the  
25 intangible expense or cost between the  
26 taxpayer and the person did not have as a

1 principal purpose the avoidance of Illinois  
2 income tax, and is paid pursuant to a contract  
3 or agreement that reflects arm's-length terms;  
4 or

5 (iii) any item of intangible expense or cost  
6 paid, accrued, or incurred, directly or  
7 indirectly, from a transaction with a person if the  
8 taxpayer establishes by clear and convincing  
9 evidence, that the adjustments are unreasonable;  
10 or if the taxpayer and the Director agree in  
11 writing to the application or use of an alternative  
12 method of apportionment under Section 304(f);

13 Nothing in this subsection shall preclude the  
14 Director from making any other adjustment  
15 otherwise allowed under Section 404 of this Act for  
16 any tax year beginning after the effective date of  
17 this amendment provided such adjustment is made  
18 pursuant to regulation adopted by the Department  
19 and such regulations provide methods and standards  
20 by which the Department will utilize its authority  
21 under Section 404 of this Act;

22 (D-19) For taxable years ending on or after  
23 December 31, 2008, an amount equal to the amount of  
24 insurance premium expenses and costs otherwise allowed  
25 as a deduction in computing base income, and that were  
26 paid, accrued, or incurred, directly or indirectly, to

1 a person who would be a member of the same unitary  
2 business group but for the fact that the person is  
3 prohibited under Section 1501(a)(27) from being  
4 included in the unitary business group because he or  
5 she is ordinarily required to apportion business  
6 income under different subsections of Section 304. The  
7 addition modification required by this subparagraph  
8 shall be reduced to the extent that dividends were  
9 included in base income of the unitary group for the  
10 same taxable year and received by the taxpayer or by a  
11 member of the taxpayer's unitary business group  
12 (including amounts included in gross income under  
13 Sections 951 through 964 of the Internal Revenue Code  
14 and amounts included in gross income under Section 78  
15 of the Internal Revenue Code) with respect to the stock  
16 of the same person to whom the premiums and costs were  
17 directly or indirectly paid, incurred, or accrued. The  
18 preceding sentence does not apply to the extent that  
19 the same dividends caused a reduction to the addition  
20 modification required under Section 203(a)(2)(D-17) or  
21 Section 203(a)(2)(D-18) of this Act.

22 (D-20) For taxable years beginning on or after  
23 January 1, 2002 and ending on or before December 31,  
24 2006, in the case of a distribution from a qualified  
25 tuition program under Section 529 of the Internal  
26 Revenue Code, other than (i) a distribution from a

1 College Savings Pool created under Section 16.5 of the  
2 State Treasurer Act or (ii) a distribution from the  
3 Illinois Prepaid Tuition Trust Fund, an amount equal to  
4 the amount excluded from gross income under Section  
5 529(c)(3)(B). For taxable years beginning on or after  
6 January 1, 2007, in the case of a distribution from a  
7 qualified tuition program under Section 529 of the  
8 Internal Revenue Code, other than (i) a distribution  
9 from a College Savings Pool created under Section 16.5  
10 of the State Treasurer Act, (ii) a distribution from  
11 the Illinois Prepaid Tuition Trust Fund, or (iii) a  
12 distribution from a qualified tuition program under  
13 Section 529 of the Internal Revenue Code that (I)  
14 adopts and determines that its offering materials  
15 comply with the College Savings Plans Network's  
16 disclosure principles and (II) has made reasonable  
17 efforts to inform in-state residents of the existence  
18 of in-state qualified tuition programs by informing  
19 Illinois residents directly and, where applicable, to  
20 inform financial intermediaries distributing the  
21 program to inform in-state residents of the existence  
22 of in-state qualified tuition programs at least  
23 annually, an amount equal to the amount excluded from  
24 gross income under Section 529(c)(3)(B).

25 For the purposes of this subparagraph (D-20), a  
26 qualified tuition program has made reasonable efforts

1 if it makes disclosures (which may use the term  
2 "in-state program" or "in-state plan" and need not  
3 specifically refer to Illinois or its qualified  
4 programs by name) (i) directly to prospective  
5 participants in its offering materials or makes a  
6 public disclosure, such as a website posting; and (ii)  
7 where applicable, to intermediaries selling the  
8 out-of-state program in the same manner that the  
9 out-of-state program distributes its offering  
10 materials;

11 (D-21) For taxable years beginning on or after  
12 January 1, 2007, in the case of transfer of moneys from  
13 a qualified tuition program under Section 529 of the  
14 Internal Revenue Code that is administered by the State  
15 to an out-of-state program, an amount equal to the  
16 amount of moneys previously deducted from base income  
17 under subsection (a) (2) (Y) of this Section;

18 (D-22) For taxable years beginning on or after  
19 January 1, 2009, in the case of a nonqualified  
20 withdrawal or refund of moneys from a qualified tuition  
21 program under Section 529 of the Internal Revenue Code  
22 administered by the State that is not used for  
23 qualified expenses at an eligible education  
24 institution, an amount equal to the contribution  
25 component of the nonqualified withdrawal or refund  
26 that was previously deducted from base income under

1 subsection (a)(2)(y) of this Section, provided that  
2 the withdrawal or refund did not result from the  
3 beneficiary's death or disability;

4 (D-23) An amount equal to the credit allowable to  
5 the taxpayer under Section 218(a) of this Act,  
6 determined without regard to Section 218(c) of this  
7 Act;

8 and by deducting from the total so obtained the sum of the  
9 following amounts:

10 (E) For taxable years ending before December 31,  
11 2001, any amount included in such total in respect of  
12 any compensation (including but not limited to any  
13 compensation paid or accrued to a serviceman while a  
14 prisoner of war or missing in action) paid to a  
15 resident by reason of being on active duty in the Armed  
16 Forces of the United States and in respect of any  
17 compensation paid or accrued to a resident who as a  
18 governmental employee was a prisoner of war or missing  
19 in action, and in respect of any compensation paid to a  
20 resident in 1971 or thereafter for annual training  
21 performed pursuant to Sections 502 and 503, Title 32,  
22 United States Code as a member of the Illinois National  
23 Guard or, beginning with taxable years ending on or  
24 after December 31, 2007, the National Guard of any  
25 other state. For taxable years ending on or after  
26 December 31, 2001, any amount included in such total in

1           respect of any compensation (including but not limited  
2           to any compensation paid or accrued to a serviceman  
3           while a prisoner of war or missing in action) paid to a  
4           resident by reason of being a member of any component  
5           of the Armed Forces of the United States and in respect  
6           of any compensation paid or accrued to a resident who  
7           as a governmental employee was a prisoner of war or  
8           missing in action, and in respect of any compensation  
9           paid to a resident in 2001 or thereafter by reason of  
10          being a member of the Illinois National Guard or,  
11          beginning with taxable years ending on or after  
12          December 31, 2007, the National Guard of any other  
13          state. The provisions of this amendatory Act of the  
14          92nd General Assembly are exempt from the provisions of  
15          Section 250;

16                 (F) For taxable years beginning before January 1,  
17          2011, an ~~An~~ amount equal to all amounts included in  
18          such total pursuant to the provisions of Sections  
19          402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and  
20          408 of the Internal Revenue Code, or included in such  
21          total as distributions under the provisions of any  
22          retirement or disability plan for employees of any  
23          governmental agency or unit, or retirement payments to  
24          retired partners, which payments are excluded in  
25          computing net earnings from self employment by Section  
26          1402 of the Internal Revenue Code and regulations

1        adopted pursuant thereto; for taxable years beginning  
2        on or after January 1, 2011, for those taxpayers who  
3        report an adjusted gross income of \$99,999 or less, an  
4        amount equal to all amounts included in such total  
5        pursuant to the provisions of Sections 402(a), 402(c),  
6        403(a), 403(b), 406(a), 407(a), and 408 of the Internal  
7        Revenue Code, or included in such total as  
8        distributions under the provisions of any retirement  
9        or disability plan for employees of any governmental  
10       agency or unit, or retirement payments to retired  
11       partners, which payments are excluded in 1402 of the  
12       Internal Revenue Code and regulations adopted pursuant  
13       thereto; for each tax year commencing on January 1,  
14       2011 and continuing thereafter, for individuals  
15       reporting an adjusted gross income of \$100,000 or more  
16       but less than \$125,000, 25% of the income otherwise  
17       excluded under this Section shall be subject to income  
18       taxation; for individuals reporting an adjusted gross  
19       income of \$125,000 or more but less than \$150,000, 50%  
20       of the income otherwise excluded under this Section  
21       shall be subject to income taxation; for individuals  
22       reporting an adjusted gross income of \$150,000 or more  
23       but less than \$175,000, 75% of the income otherwise  
24       excluded under this Section shall be subject to income  
25       taxation; and for individuals reporting an adjusted  
26       gross income of \$175,000 or greater, 100% of the income

1           otherwise excluded under this Section shall be subject  
2           to income taxation;

3           (G) The valuation limitation amount;

4           (H) An amount equal to the amount of any tax  
5           imposed by this Act which was refunded to the taxpayer  
6           and included in such total for the taxable year;

7           (I) An amount equal to all amounts included in such  
8           total pursuant to the provisions of Section 111 of the  
9           Internal Revenue Code as a recovery of items previously  
10          deducted from adjusted gross income in the computation  
11          of taxable income;

12          (J) An amount equal to those dividends included in  
13          such total which were paid by a corporation which  
14          conducts business operations in an Enterprise Zone or  
15          zones created under the Illinois Enterprise Zone Act or  
16          a River Edge Redevelopment Zone or zones created under  
17          the River Edge Redevelopment Zone Act, and conducts  
18          substantially all of its operations in an Enterprise  
19          Zone or zones or a River Edge Redevelopment Zone or  
20          zones. This subparagraph (J) is exempt from the  
21          provisions of Section 250;

22          (K) An amount equal to those dividends included in  
23          such total that were paid by a corporation that  
24          conducts business operations in a federally designated  
25          Foreign Trade Zone or Sub-Zone and that is designated a  
26          High Impact Business located in Illinois; provided

1           that dividends eligible for the deduction provided in  
2           subparagraph (J) of paragraph (2) of this subsection  
3           shall not be eligible for the deduction provided under  
4           this subparagraph (K);

5           (L) For taxable years ending after December 31,  
6           1983, an amount equal to all social security benefits  
7           and railroad retirement benefits included in such  
8           total pursuant to Sections 72(r) and 86 of the Internal  
9           Revenue Code;

10          (M) With the exception of any amounts subtracted  
11          under subparagraph (N), an amount equal to the sum of  
12          all amounts disallowed as deductions by (i) Sections  
13          171(a) (2), and 265(2) of the Internal Revenue Code of  
14          1954, as now or hereafter amended, and all amounts of  
15          expenses allocable to interest and disallowed as  
16          deductions by Section 265(1) of the Internal Revenue  
17          Code of 1954, as now or hereafter amended; and (ii) for  
18          taxable years ending on or after August 13, 1999,  
19          Sections 171(a) (2), 265, 280C, and 832(b) (5) (B) (i) of  
20          the Internal Revenue Code; the provisions of this  
21          subparagraph are exempt from the provisions of Section  
22          250;

23          (N) An amount equal to all amounts included in such  
24          total which are exempt from taxation by this State  
25          either by reason of its statutes or Constitution or by  
26          reason of the Constitution, treaties or statutes of the

1 United States; provided that, in the case of any  
2 statute of this State that exempts income derived from  
3 bonds or other obligations from the tax imposed under  
4 this Act, the amount exempted shall be the interest net  
5 of bond premium amortization;

6 (O) An amount equal to any contribution made to a  
7 job training project established pursuant to the Tax  
8 Increment Allocation Redevelopment Act;

9 (P) An amount equal to the amount of the deduction  
10 used to compute the federal income tax credit for  
11 restoration of substantial amounts held under claim of  
12 right for the taxable year pursuant to Section 1341 of  
13 the Internal Revenue Code of 1986;

14 (Q) An amount equal to any amounts included in such  
15 total, received by the taxpayer as an acceleration in  
16 the payment of life, endowment or annuity benefits in  
17 advance of the time they would otherwise be payable as  
18 an indemnity for a terminal illness;

19 (R) An amount equal to the amount of any federal or  
20 State bonus paid to veterans of the Persian Gulf War;

21 (S) An amount, to the extent included in adjusted  
22 gross income, equal to the amount of a contribution  
23 made in the taxable year on behalf of the taxpayer to a  
24 medical care savings account established under the  
25 Medical Care Savings Account Act or the Medical Care  
26 Savings Account Act of 2000 to the extent the

1 contribution is accepted by the account administrator  
2 as provided in that Act;

3 (T) An amount, to the extent included in adjusted  
4 gross income, equal to the amount of interest earned in  
5 the taxable year on a medical care savings account  
6 established under the Medical Care Savings Account Act  
7 or the Medical Care Savings Account Act of 2000 on  
8 behalf of the taxpayer, other than interest added  
9 pursuant to item (D-5) of this paragraph (2);

10 (U) For one taxable year beginning on or after  
11 January 1, 1994, an amount equal to the total amount of  
12 tax imposed and paid under subsections (a) and (b) of  
13 Section 201 of this Act on grant amounts received by  
14 the taxpayer under the Nursing Home Grant Assistance  
15 Act during the taxpayer's taxable years 1992 and 1993;

16 (V) Beginning with tax years ending on or after  
17 December 31, 1995 and ending with tax years ending on  
18 or before December 31, 2004, an amount equal to the  
19 amount paid by a taxpayer who is a self-employed  
20 taxpayer, a partner of a partnership, or a shareholder  
21 in a Subchapter S corporation for health insurance or  
22 long-term care insurance for that taxpayer or that  
23 taxpayer's spouse or dependents, to the extent that the  
24 amount paid for that health insurance or long-term care  
25 insurance may be deducted under Section 213 of the  
26 Internal Revenue Code of 1986, has not been deducted on

1 the federal income tax return of the taxpayer, and does  
2 not exceed the taxable income attributable to that  
3 taxpayer's income, self-employment income, or  
4 Subchapter S corporation income; except that no  
5 deduction shall be allowed under this item (V) if the  
6 taxpayer is eligible to participate in any health  
7 insurance or long-term care insurance plan of an  
8 employer of the taxpayer or the taxpayer's spouse. The  
9 amount of the health insurance and long-term care  
10 insurance subtracted under this item (V) shall be  
11 determined by multiplying total health insurance and  
12 long-term care insurance premiums paid by the taxpayer  
13 times a number that represents the fractional  
14 percentage of eligible medical expenses under Section  
15 213 of the Internal Revenue Code of 1986 not actually  
16 deducted on the taxpayer's federal income tax return;

17 (W) For taxable years beginning on or after January  
18 1, 1998, all amounts included in the taxpayer's federal  
19 gross income in the taxable year from amounts converted  
20 from a regular IRA to a Roth IRA. This paragraph is  
21 exempt from the provisions of Section 250;

22 (X) For taxable year 1999 and thereafter, an amount  
23 equal to the amount of any (i) distributions, to the  
24 extent includible in gross income for federal income  
25 tax purposes, made to the taxpayer because of his or  
26 her status as a victim of persecution for racial or

1 religious reasons by Nazi Germany or any other Axis  
2 regime or as an heir of the victim and (ii) items of  
3 income, to the extent includible in gross income for  
4 federal income tax purposes, attributable to, derived  
5 from or in any way related to assets stolen from,  
6 hidden from, or otherwise lost to a victim of  
7 persecution for racial or religious reasons by Nazi  
8 Germany or any other Axis regime immediately prior to,  
9 during, and immediately after World War II, including,  
10 but not limited to, interest on the proceeds receivable  
11 as insurance under policies issued to a victim of  
12 persecution for racial or religious reasons by Nazi  
13 Germany or any other Axis regime by European insurance  
14 companies immediately prior to and during World War II;  
15 provided, however, this subtraction from federal  
16 adjusted gross income does not apply to assets acquired  
17 with such assets or with the proceeds from the sale of  
18 such assets; provided, further, this paragraph shall  
19 only apply to a taxpayer who was the first recipient of  
20 such assets after their recovery and who is a victim of  
21 persecution for racial or religious reasons by Nazi  
22 Germany or any other Axis regime or as an heir of the  
23 victim. The amount of and the eligibility for any  
24 public assistance, benefit, or similar entitlement is  
25 not affected by the inclusion of items (i) and (ii) of  
26 this paragraph in gross income for federal income tax

1 purposes. This paragraph is exempt from the provisions  
2 of Section 250;

3 (Y) For taxable years beginning on or after January  
4 1, 2002 and ending on or before December 31, 2004,  
5 moneys contributed in the taxable year to a College  
6 Savings Pool account under Section 16.5 of the State  
7 Treasurer Act, except that amounts excluded from gross  
8 income under Section 529(c)(3)(C)(i) of the Internal  
9 Revenue Code shall not be considered moneys  
10 contributed under this subparagraph (Y). For taxable  
11 years beginning on or after January 1, 2005, a maximum  
12 of \$10,000 contributed in the taxable year to (i) a  
13 College Savings Pool account under Section 16.5 of the  
14 State Treasurer Act or (ii) the Illinois Prepaid  
15 Tuition Trust Fund, except that amounts excluded from  
16 gross income under Section 529(c)(3)(C)(i) of the  
17 Internal Revenue Code shall not be considered moneys  
18 contributed under this subparagraph (Y). For purposes  
19 of this subparagraph, contributions made by an  
20 employer on behalf of an employee, or matching  
21 contributions made by an employee, shall be treated as  
22 made by the employee. This subparagraph (Y) is exempt  
23 from the provisions of Section 250;

24 (Z) For taxable years 2001 and thereafter, for the  
25 taxable year in which the bonus depreciation deduction  
26 is taken on the taxpayer's federal income tax return

1 under subsection (k) of Section 168 of the Internal  
2 Revenue Code and for each applicable taxable year  
3 thereafter, an amount equal to "x", where:

4 (1) "y" equals the amount of the depreciation  
5 deduction taken for the taxable year on the  
6 taxpayer's federal income tax return on property  
7 for which the bonus depreciation deduction was  
8 taken in any year under subsection (k) of Section  
9 168 of the Internal Revenue Code, but not including  
10 the bonus depreciation deduction;

11 (2) for taxable years ending on or before  
12 December 31, 2005, "x" equals "y" multiplied by 30  
13 and then divided by 70 (or "y" multiplied by  
14 0.429); and

15 (3) for taxable years ending after December  
16 31, 2005:

17 (i) for property on which a bonus  
18 depreciation deduction of 30% of the adjusted  
19 basis was taken, "x" equals "y" multiplied by  
20 30 and then divided by 70 (or "y" multiplied by  
21 0.429); and

22 (ii) for property on which a bonus  
23 depreciation deduction of 50% of the adjusted  
24 basis was taken, "x" equals "y" multiplied by  
25 1.0.

26 The aggregate amount deducted under this

1           subparagraph in all taxable years for any one piece of  
2           property may not exceed the amount of the bonus  
3           depreciation deduction taken on that property on the  
4           taxpayer's federal income tax return under subsection  
5           (k) of Section 168 of the Internal Revenue Code. This  
6           subparagraph (Z) is exempt from the provisions of  
7           Section 250;

8           (AA) If the taxpayer sells, transfers, abandons,  
9           or otherwise disposes of property for which the  
10          taxpayer was required in any taxable year to make an  
11          addition modification under subparagraph (D-15), then  
12          an amount equal to that addition modification.

13          If the taxpayer continues to own property through  
14          the last day of the last tax year for which the  
15          taxpayer may claim a depreciation deduction for  
16          federal income tax purposes and for which the taxpayer  
17          was required in any taxable year to make an addition  
18          modification under subparagraph (D-15), then an amount  
19          equal to that addition modification.

20          The taxpayer is allowed to take the deduction under  
21          this subparagraph only once with respect to any one  
22          piece of property.

23          This subparagraph (AA) is exempt from the  
24          provisions of Section 250;

25          (BB) Any amount included in adjusted gross income,  
26          other than salary, received by a driver in a

1 ridesharing arrangement using a motor vehicle;

2 (CC) The amount of (i) any interest income (net of  
3 the deductions allocable thereto) taken into account  
4 for the taxable year with respect to a transaction with  
5 a taxpayer that is required to make an addition  
6 modification with respect to such transaction under  
7 Section 203(a)(2)(D-17), 203(b)(2)(E-12),  
8 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
9 the amount of that addition modification, and (ii) any  
10 income from intangible property (net of the deductions  
11 allocable thereto) taken into account for the taxable  
12 year with respect to a transaction with a taxpayer that  
13 is required to make an addition modification with  
14 respect to such transaction under Section  
15 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
16 203(d)(2)(D-8), but not to exceed the amount of that  
17 addition modification. This subparagraph (CC) is  
18 exempt from the provisions of Section 250;

19 (DD) An amount equal to the interest income taken  
20 into account for the taxable year (net of the  
21 deductions allocable thereto) with respect to  
22 transactions with (i) a foreign person who would be a  
23 member of the taxpayer's unitary business group but for  
24 the fact that the foreign person's business activity  
25 outside the United States is 80% or more of that  
26 person's total business activity and (ii) for taxable

1 years ending on or after December 31, 2008, to a person  
2 who would be a member of the same unitary business  
3 group but for the fact that the person is prohibited  
4 under Section 1501(a)(27) from being included in the  
5 unitary business group because he or she is ordinarily  
6 required to apportion business income under different  
7 subsections of Section 304, but not to exceed the  
8 addition modification required to be made for the same  
9 taxable year under Section 203(a)(2)(D-17) for  
10 interest paid, accrued, or incurred, directly or  
11 indirectly, to the same person. This subparagraph (DD)  
12 is exempt from the provisions of Section 250;

13 (EE) An amount equal to the income from intangible  
14 property taken into account for the taxable year (net  
15 of the deductions allocable thereto) with respect to  
16 transactions with (i) a foreign person who would be a  
17 member of the taxpayer's unitary business group but for  
18 the fact that the foreign person's business activity  
19 outside the United States is 80% or more of that  
20 person's total business activity and (ii) for taxable  
21 years ending on or after December 31, 2008, to a person  
22 who would be a member of the same unitary business  
23 group but for the fact that the person is prohibited  
24 under Section 1501(a)(27) from being included in the  
25 unitary business group because he or she is ordinarily  
26 required to apportion business income under different

1 subsections of Section 304, but not to exceed the  
2 addition modification required to be made for the same  
3 taxable year under Section 203(a)(2)(D-18) for  
4 intangible expenses and costs paid, accrued, or  
5 incurred, directly or indirectly, to the same foreign  
6 person. This subparagraph (EE) is exempt from the  
7 provisions of Section 250; and

8 (FF) An amount equal to any amount awarded to the  
9 taxpayer during the taxable year by the Court of Claims  
10 under subsection (c) of Section 8 of the Court of  
11 Claims Act for time unjustly served in a State prison.  
12 This subparagraph (FF) is exempt from the provisions of  
13 Section 250.

14 (b) Corporations.

15 (1) In general. In the case of a corporation, base  
16 income means an amount equal to the taxpayer's taxable  
17 income for the taxable year as modified by paragraph (2).

18 (2) Modifications. The taxable income referred to in  
19 paragraph (1) shall be modified by adding thereto the sum  
20 of the following amounts:

21 (A) An amount equal to all amounts paid or accrued  
22 to the taxpayer as interest and all distributions  
23 received from regulated investment companies during  
24 the taxable year to the extent excluded from gross  
25 income in the computation of taxable income;

1           (B) An amount equal to the amount of tax imposed by  
2 this Act to the extent deducted from gross income in  
3 the computation of taxable income for the taxable year;

4           (C) In the case of a regulated investment company,  
5 an amount equal to the excess of (i) the net long-term  
6 capital gain for the taxable year, over (ii) the amount  
7 of the capital gain dividends designated as such in  
8 accordance with Section 852(b)(3)(C) of the Internal  
9 Revenue Code and any amount designated under Section  
10 852(b)(3)(D) of the Internal Revenue Code,  
11 attributable to the taxable year (this amendatory Act  
12 of 1995 (Public Act 89-89) is declarative of existing  
13 law and is not a new enactment);

14           (D) The amount of any net operating loss deduction  
15 taken in arriving at taxable income, other than a net  
16 operating loss carried forward from a taxable year  
17 ending prior to December 31, 1986;

18           (E) For taxable years in which a net operating loss  
19 carryback or carryforward from a taxable year ending  
20 prior to December 31, 1986 is an element of taxable  
21 income under paragraph (1) of subsection (e) or  
22 subparagraph (E) of paragraph (2) of subsection (e),  
23 the amount by which addition modifications other than  
24 those provided by this subparagraph (E) exceeded  
25 subtraction modifications in such earlier taxable  
26 year, with the following limitations applied in the

1 order that they are listed:

2 (i) the addition modification relating to the  
3 net operating loss carried back or forward to the  
4 taxable year from any taxable year ending prior to  
5 December 31, 1986 shall be reduced by the amount of  
6 addition modification under this subparagraph (E)  
7 which related to that net operating loss and which  
8 was taken into account in calculating the base  
9 income of an earlier taxable year, and

10 (ii) the addition modification relating to the  
11 net operating loss carried back or forward to the  
12 taxable year from any taxable year ending prior to  
13 December 31, 1986 shall not exceed the amount of  
14 such carryback or carryforward;

15 For taxable years in which there is a net operating  
16 loss carryback or carryforward from more than one other  
17 taxable year ending prior to December 31, 1986, the  
18 addition modification provided in this subparagraph  
19 (E) shall be the sum of the amounts computed  
20 independently under the preceding provisions of this  
21 subparagraph (E) for each such taxable year;

22 (E-5) For taxable years ending after December 31,  
23 1997, an amount equal to any eligible remediation costs  
24 that the corporation deducted in computing adjusted  
25 gross income and for which the corporation claims a  
26 credit under subsection (1) of Section 201;

1           (E-10) For taxable years 2001 and thereafter, an  
2 amount equal to the bonus depreciation deduction taken  
3 on the taxpayer's federal income tax return for the  
4 taxable year under subsection (k) of Section 168 of the  
5 Internal Revenue Code;

6           (E-11) If the taxpayer sells, transfers, abandons,  
7 or otherwise disposes of property for which the  
8 taxpayer was required in any taxable year to make an  
9 addition modification under subparagraph (E-10), then  
10 an amount equal to the aggregate amount of the  
11 deductions taken in all taxable years under  
12 subparagraph (T) with respect to that property.

13           If the taxpayer continues to own property through  
14 the last day of the last tax year for which the  
15 taxpayer may claim a depreciation deduction for  
16 federal income tax purposes and for which the taxpayer  
17 was allowed in any taxable year to make a subtraction  
18 modification under subparagraph (T), then an amount  
19 equal to that subtraction modification.

20           The taxpayer is required to make the addition  
21 modification under this subparagraph only once with  
22 respect to any one piece of property;

23           (E-12) An amount equal to the amount otherwise  
24 allowed as a deduction in computing base income for  
25 interest paid, accrued, or incurred, directly or  
26 indirectly, (i) for taxable years ending on or after

1 December 31, 2004, to a foreign person who would be a  
2 member of the same unitary business group but for the  
3 fact the foreign person's business activity outside  
4 the United States is 80% or more of the foreign  
5 person's total business activity and (ii) for taxable  
6 years ending on or after December 31, 2008, to a person  
7 who would be a member of the same unitary business  
8 group but for the fact that the person is prohibited  
9 under Section 1501(a)(27) from being included in the  
10 unitary business group because he or she is ordinarily  
11 required to apportion business income under different  
12 subsections of Section 304. The addition modification  
13 required by this subparagraph shall be reduced to the  
14 extent that dividends were included in base income of  
15 the unitary group for the same taxable year and  
16 received by the taxpayer or by a member of the  
17 taxpayer's unitary business group (including amounts  
18 included in gross income pursuant to Sections 951  
19 through 964 of the Internal Revenue Code and amounts  
20 included in gross income under Section 78 of the  
21 Internal Revenue Code) with respect to the stock of the  
22 same person to whom the interest was paid, accrued, or  
23 incurred.

24 This paragraph shall not apply to the following:

25 (i) an item of interest paid, accrued, or  
26 incurred, directly or indirectly, to a person who

1 is subject in a foreign country or state, other  
2 than a state which requires mandatory unitary  
3 reporting, to a tax on or measured by net income  
4 with respect to such interest; or

5 (ii) an item of interest paid, accrued, or  
6 incurred, directly or indirectly, to a person if  
7 the taxpayer can establish, based on a  
8 preponderance of the evidence, both of the  
9 following:

10 (a) the person, during the same taxable  
11 year, paid, accrued, or incurred, the interest  
12 to a person that is not a related member, and

13 (b) the transaction giving rise to the  
14 interest expense between the taxpayer and the  
15 person did not have as a principal purpose the  
16 avoidance of Illinois income tax, and is paid  
17 pursuant to a contract or agreement that  
18 reflects an arm's-length interest rate and  
19 terms; or

20 (iii) the taxpayer can establish, based on  
21 clear and convincing evidence, that the interest  
22 paid, accrued, or incurred relates to a contract or  
23 agreement entered into at arm's-length rates and  
24 terms and the principal purpose for the payment is  
25 not federal or Illinois tax avoidance; or

26 (iv) an item of interest paid, accrued, or

1           incurred, directly or indirectly, to a person if  
2           the taxpayer establishes by clear and convincing  
3           evidence that the adjustments are unreasonable; or  
4           if the taxpayer and the Director agree in writing  
5           to the application or use of an alternative method  
6           of apportionment under Section 304(f).

7           Nothing in this subsection shall preclude the  
8           Director from making any other adjustment  
9           otherwise allowed under Section 404 of this Act for  
10          any tax year beginning after the effective date of  
11          this amendment provided such adjustment is made  
12          pursuant to regulation adopted by the Department  
13          and such regulations provide methods and standards  
14          by which the Department will utilize its authority  
15          under Section 404 of this Act;

16          (E-13) An amount equal to the amount of intangible  
17          expenses and costs otherwise allowed as a deduction in  
18          computing base income, and that were paid, accrued, or  
19          incurred, directly or indirectly, (i) for taxable  
20          years ending on or after December 31, 2004, to a  
21          foreign person who would be a member of the same  
22          unitary business group but for the fact that the  
23          foreign person's business activity outside the United  
24          States is 80% or more of that person's total business  
25          activity and (ii) for taxable years ending on or after  
26          December 31, 2008, to a person who would be a member of

1 the same unitary business group but for the fact that  
2 the person is prohibited under Section 1501(a)(27)  
3 from being included in the unitary business group  
4 because he or she is ordinarily required to apportion  
5 business income under different subsections of Section  
6 304. The addition modification required by this  
7 subparagraph shall be reduced to the extent that  
8 dividends were included in base income of the unitary  
9 group for the same taxable year and received by the  
10 taxpayer or by a member of the taxpayer's unitary  
11 business group (including amounts included in gross  
12 income pursuant to Sections 951 through 964 of the  
13 Internal Revenue Code and amounts included in gross  
14 income under Section 78 of the Internal Revenue Code)  
15 with respect to the stock of the same person to whom  
16 the intangible expenses and costs were directly or  
17 indirectly paid, incurred, or accrued. The preceding  
18 sentence shall not apply to the extent that the same  
19 dividends caused a reduction to the addition  
20 modification required under Section 203(b)(2)(E-12) of  
21 this Act. As used in this subparagraph, the term  
22 "intangible expenses and costs" includes (1) expenses,  
23 losses, and costs for, or related to, the direct or  
24 indirect acquisition, use, maintenance or management,  
25 ownership, sale, exchange, or any other disposition of  
26 intangible property; (2) losses incurred, directly or

1 indirectly, from factoring transactions or discounting  
2 transactions; (3) royalty, patent, technical, and  
3 copyright fees; (4) licensing fees; and (5) other  
4 similar expenses and costs. For purposes of this  
5 subparagraph, "intangible property" includes patents,  
6 patent applications, trade names, trademarks, service  
7 marks, copyrights, mask works, trade secrets, and  
8 similar types of intangible assets.

9 This paragraph shall not apply to the following:

10 (i) any item of intangible expenses or costs  
11 paid, accrued, or incurred, directly or  
12 indirectly, from a transaction with a person who is  
13 subject in a foreign country or state, other than a  
14 state which requires mandatory unitary reporting,  
15 to a tax on or measured by net income with respect  
16 to such item; or

17 (ii) any item of intangible expense or cost  
18 paid, accrued, or incurred, directly or  
19 indirectly, if the taxpayer can establish, based  
20 on a preponderance of the evidence, both of the  
21 following:

22 (a) the person during the same taxable  
23 year paid, accrued, or incurred, the  
24 intangible expense or cost to a person that is  
25 not a related member, and

26 (b) the transaction giving rise to the

1           intangible expense or cost between the  
2           taxpayer and the person did not have as a  
3           principal purpose the avoidance of Illinois  
4           income tax, and is paid pursuant to a contract  
5           or agreement that reflects arm's-length terms;  
6           or

7           (iii) any item of intangible expense or cost  
8           paid, accrued, or incurred, directly or  
9           indirectly, from a transaction with a person if the  
10          taxpayer establishes by clear and convincing  
11          evidence, that the adjustments are unreasonable;  
12          or if the taxpayer and the Director agree in  
13          writing to the application or use of an alternative  
14          method of apportionment under Section 304(f);

15          Nothing in this subsection shall preclude the  
16          Director from making any other adjustment  
17          otherwise allowed under Section 404 of this Act for  
18          any tax year beginning after the effective date of  
19          this amendment provided such adjustment is made  
20          pursuant to regulation adopted by the Department  
21          and such regulations provide methods and standards  
22          by which the Department will utilize its authority  
23          under Section 404 of this Act;

24          (E-14) For taxable years ending on or after  
25          December 31, 2008, an amount equal to the amount of  
26          insurance premium expenses and costs otherwise allowed

1 as a deduction in computing base income, and that were  
2 paid, accrued, or incurred, directly or indirectly, to  
3 a person who would be a member of the same unitary  
4 business group but for the fact that the person is  
5 prohibited under Section 1501(a)(27) from being  
6 included in the unitary business group because he or  
7 she is ordinarily required to apportion business  
8 income under different subsections of Section 304. The  
9 addition modification required by this subparagraph  
10 shall be reduced to the extent that dividends were  
11 included in base income of the unitary group for the  
12 same taxable year and received by the taxpayer or by a  
13 member of the taxpayer's unitary business group  
14 (including amounts included in gross income under  
15 Sections 951 through 964 of the Internal Revenue Code  
16 and amounts included in gross income under Section 78  
17 of the Internal Revenue Code) with respect to the stock  
18 of the same person to whom the premiums and costs were  
19 directly or indirectly paid, incurred, or accrued. The  
20 preceding sentence does not apply to the extent that  
21 the same dividends caused a reduction to the addition  
22 modification required under Section 203(b)(2)(E-12) or  
23 Section 203(b)(2)(E-13) of this Act;

24 (E-15) For taxable years beginning after December  
25 31, 2008, any deduction for dividends paid by a captive  
26 real estate investment trust that is allowed to a real

1 estate investment trust under Section 857(b)(2)(B) of  
2 the Internal Revenue Code for dividends paid;

3 (E-16) An amount equal to the credit allowable to  
4 the taxpayer under Section 218(a) of this Act,  
5 determined without regard to Section 218(c) of this  
6 Act;

7 and by deducting from the total so obtained the sum of the  
8 following amounts:

9 (F) An amount equal to the amount of any tax  
10 imposed by this Act which was refunded to the taxpayer  
11 and included in such total for the taxable year;

12 (G) An amount equal to any amount included in such  
13 total under Section 78 of the Internal Revenue Code;

14 (H) In the case of a regulated investment company,  
15 an amount equal to the amount of exempt interest  
16 dividends as defined in subsection (b)(5) of Section  
17 852 of the Internal Revenue Code, paid to shareholders  
18 for the taxable year;

19 (I) With the exception of any amounts subtracted  
20 under subparagraph (J), an amount equal to the sum of  
21 all amounts disallowed as deductions by (i) Sections  
22 171(a)(2), and 265(a)(2) and amounts disallowed as  
23 interest expense by Section 291(a)(3) of the Internal  
24 Revenue Code, as now or hereafter amended, and all  
25 amounts of expenses allocable to interest and  
26 disallowed as deductions by Section 265(a)(1) of the

1 Internal Revenue Code, as now or hereafter amended; and  
2 (ii) for taxable years ending on or after August 13,  
3 1999, Sections 171(a)(2), 265, 280C, 291(a)(3), and  
4 832(b)(5)(B)(i) of the Internal Revenue Code; the  
5 provisions of this subparagraph are exempt from the  
6 provisions of Section 250;

7 (J) An amount equal to all amounts included in such  
8 total which are exempt from taxation by this State  
9 either by reason of its statutes or Constitution or by  
10 reason of the Constitution, treaties or statutes of the  
11 United States; provided that, in the case of any  
12 statute of this State that exempts income derived from  
13 bonds or other obligations from the tax imposed under  
14 this Act, the amount exempted shall be the interest net  
15 of bond premium amortization;

16 (K) An amount equal to those dividends included in  
17 such total which were paid by a corporation which  
18 conducts business operations in an Enterprise Zone or  
19 zones created under the Illinois Enterprise Zone Act or  
20 a River Edge Redevelopment Zone or zones created under  
21 the River Edge Redevelopment Zone Act and conducts  
22 substantially all of its operations in an Enterprise  
23 Zone or zones or a River Edge Redevelopment Zone or  
24 zones. This subparagraph (K) is exempt from the  
25 provisions of Section 250;

26 (L) An amount equal to those dividends included in

1           such total that were paid by a corporation that  
2           conducts business operations in a federally designated  
3           Foreign Trade Zone or Sub-Zone and that is designated a  
4           High Impact Business located in Illinois; provided  
5           that dividends eligible for the deduction provided in  
6           subparagraph (K) of paragraph 2 of this subsection  
7           shall not be eligible for the deduction provided under  
8           this subparagraph (L);

9           (M) For any taxpayer that is a financial  
10          organization within the meaning of Section 304(c) of  
11          this Act, an amount included in such total as interest  
12          income from a loan or loans made by such taxpayer to a  
13          borrower, to the extent that such a loan is secured by  
14          property which is eligible for the Enterprise Zone  
15          Investment Credit or the River Edge Redevelopment Zone  
16          Investment Credit. To determine the portion of a loan  
17          or loans that is secured by property eligible for a  
18          Section 201(f) investment credit to the borrower, the  
19          entire principal amount of the loan or loans between  
20          the taxpayer and the borrower should be divided into  
21          the basis of the Section 201(f) investment credit  
22          property which secures the loan or loans, using for  
23          this purpose the original basis of such property on the  
24          date that it was placed in service in the Enterprise  
25          Zone or the River Edge Redevelopment Zone. The  
26          subtraction modification available to taxpayer in any

1 year under this subsection shall be that portion of the  
2 total interest paid by the borrower with respect to  
3 such loan attributable to the eligible property as  
4 calculated under the previous sentence. This  
5 subparagraph (M) is exempt from the provisions of  
6 Section 250;

7 (M-1) For any taxpayer that is a financial  
8 organization within the meaning of Section 304(c) of  
9 this Act, an amount included in such total as interest  
10 income from a loan or loans made by such taxpayer to a  
11 borrower, to the extent that such a loan is secured by  
12 property which is eligible for the High Impact Business  
13 Investment Credit. To determine the portion of a loan  
14 or loans that is secured by property eligible for a  
15 Section 201(h) investment credit to the borrower, the  
16 entire principal amount of the loan or loans between  
17 the taxpayer and the borrower should be divided into  
18 the basis of the Section 201(h) investment credit  
19 property which secures the loan or loans, using for  
20 this purpose the original basis of such property on the  
21 date that it was placed in service in a federally  
22 designated Foreign Trade Zone or Sub-Zone located in  
23 Illinois. No taxpayer that is eligible for the  
24 deduction provided in subparagraph (M) of paragraph  
25 (2) of this subsection shall be eligible for the  
26 deduction provided under this subparagraph (M-1). The

1 subtraction modification available to taxpayers in any  
2 year under this subsection shall be that portion of the  
3 total interest paid by the borrower with respect to  
4 such loan attributable to the eligible property as  
5 calculated under the previous sentence;

6 (N) Two times any contribution made during the  
7 taxable year to a designated zone organization to the  
8 extent that the contribution (i) qualifies as a  
9 charitable contribution under subsection (c) of  
10 Section 170 of the Internal Revenue Code and (ii) must,  
11 by its terms, be used for a project approved by the  
12 Department of Commerce and Economic Opportunity under  
13 Section 11 of the Illinois Enterprise Zone Act or under  
14 Section 10-10 of the River Edge Redevelopment Zone Act.  
15 This subparagraph (N) is exempt from the provisions of  
16 Section 250;

17 (O) An amount equal to: (i) 85% for taxable years  
18 ending on or before December 31, 1992, or, a percentage  
19 equal to the percentage allowable under Section  
20 243(a)(1) of the Internal Revenue Code of 1986 for  
21 taxable years ending after December 31, 1992, of the  
22 amount by which dividends included in taxable income  
23 and received from a corporation that is not created or  
24 organized under the laws of the United States or any  
25 state or political subdivision thereof, including, for  
26 taxable years ending on or after December 31, 1988,

1 dividends received or deemed received or paid or deemed  
2 paid under Sections 951 through 964 of the Internal  
3 Revenue Code, exceed the amount of the modification  
4 provided under subparagraph (G) of paragraph (2) of  
5 this subsection (b) which is related to such dividends,  
6 and including, for taxable years ending on or after  
7 December 31, 2008, dividends received from a captive  
8 real estate investment trust; plus (ii) 100% of the  
9 amount by which dividends, included in taxable income  
10 and received, including, for taxable years ending on or  
11 after December 31, 1988, dividends received or deemed  
12 received or paid or deemed paid under Sections 951  
13 through 964 of the Internal Revenue Code and including,  
14 for taxable years ending on or after December 31, 2008,  
15 dividends received from a captive real estate  
16 investment trust, from any such corporation specified  
17 in clause (i) that would but for the provisions of  
18 Section 1504 (b) (3) of the Internal Revenue Code be  
19 treated as a member of the affiliated group which  
20 includes the dividend recipient, exceed the amount of  
21 the modification provided under subparagraph (G) of  
22 paragraph (2) of this subsection (b) which is related  
23 to such dividends. This subparagraph (O) is exempt from  
24 the provisions of Section 250 of this Act;

25 (P) An amount equal to any contribution made to a  
26 job training project established pursuant to the Tax

1 Increment Allocation Redevelopment Act;

2 (Q) An amount equal to the amount of the deduction  
3 used to compute the federal income tax credit for  
4 restoration of substantial amounts held under claim of  
5 right for the taxable year pursuant to Section 1341 of  
6 the Internal Revenue Code of 1986;

7 (R) On and after July 20, 1999, in the case of an  
8 attorney-in-fact with respect to whom an interinsurer  
9 or a reciprocal insurer has made the election under  
10 Section 835 of the Internal Revenue Code, 26 U.S.C.  
11 835, an amount equal to the excess, if any, of the  
12 amounts paid or incurred by that interinsurer or  
13 reciprocal insurer in the taxable year to the  
14 attorney-in-fact over the deduction allowed to that  
15 interinsurer or reciprocal insurer with respect to the  
16 attorney-in-fact under Section 835(b) of the Internal  
17 Revenue Code for the taxable year; the provisions of  
18 this subparagraph are exempt from the provisions of  
19 Section 250;

20 (S) For taxable years ending on or after December  
21 31, 1997, in the case of a Subchapter S corporation, an  
22 amount equal to all amounts of income allocable to a  
23 shareholder subject to the Personal Property Tax  
24 Replacement Income Tax imposed by subsections (c) and  
25 (d) of Section 201 of this Act, including amounts  
26 allocable to organizations exempt from federal income

1 tax by reason of Section 501(a) of the Internal Revenue  
2 Code. This subparagraph (S) is exempt from the  
3 provisions of Section 250;

4 (T) For taxable years 2001 and thereafter, for the  
5 taxable year in which the bonus depreciation deduction  
6 is taken on the taxpayer's federal income tax return  
7 under subsection (k) of Section 168 of the Internal  
8 Revenue Code and for each applicable taxable year  
9 thereafter, an amount equal to "x", where:

10 (1) "y" equals the amount of the depreciation  
11 deduction taken for the taxable year on the  
12 taxpayer's federal income tax return on property  
13 for which the bonus depreciation deduction was  
14 taken in any year under subsection (k) of Section  
15 168 of the Internal Revenue Code, but not including  
16 the bonus depreciation deduction;

17 (2) for taxable years ending on or before  
18 December 31, 2005, "x" equals "y" multiplied by 30  
19 and then divided by 70 (or "y" multiplied by  
20 0.429); and

21 (3) for taxable years ending after December  
22 31, 2005:

23 (i) for property on which a bonus  
24 depreciation deduction of 30% of the adjusted  
25 basis was taken, "x" equals "y" multiplied by  
26 30 and then divided by 70 (or "y" multiplied by

1                   0.429); and

2                   (ii) for property on which a bonus  
3                   depreciation deduction of 50% of the adjusted  
4                   basis was taken, "x" equals "y" multiplied by  
5                   1.0.

6                   The aggregate amount deducted under this  
7                   subparagraph in all taxable years for any one piece of  
8                   property may not exceed the amount of the bonus  
9                   depreciation deduction taken on that property on the  
10                  taxpayer's federal income tax return under subsection  
11                  (k) of Section 168 of the Internal Revenue Code. This  
12                  subparagraph (T) is exempt from the provisions of  
13                  Section 250;

14                  (U) If the taxpayer sells, transfers, abandons, or  
15                  otherwise disposes of property for which the taxpayer  
16                  was required in any taxable year to make an addition  
17                  modification under subparagraph (E-10), then an amount  
18                  equal to that addition modification.

19                  If the taxpayer continues to own property through  
20                  the last day of the last tax year for which the  
21                  taxpayer may claim a depreciation deduction for  
22                  federal income tax purposes and for which the taxpayer  
23                  was required in any taxable year to make an addition  
24                  modification under subparagraph (E-10), then an amount  
25                  equal to that addition modification.

26                  The taxpayer is allowed to take the deduction under

1           this subparagraph only once with respect to any one  
2           piece of property.

3           This subparagraph (U) is exempt from the  
4           provisions of Section 250;

5           (V) The amount of: (i) any interest income (net of  
6           the deductions allocable thereto) taken into account  
7           for the taxable year with respect to a transaction with  
8           a taxpayer that is required to make an addition  
9           modification with respect to such transaction under  
10          Section        203(a)(2)(D-17),        203(b)(2)(E-12),  
11          203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
12          the amount of such addition modification, (ii) any  
13          income from intangible property (net of the deductions  
14          allocable thereto) taken into account for the taxable  
15          year with respect to a transaction with a taxpayer that  
16          is required to make an addition modification with  
17          respect to such transaction under Section  
18          203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
19          203(d)(2)(D-8), but not to exceed the amount of such  
20          addition modification, and (iii) any insurance premium  
21          income (net of deductions allocable thereto) taken  
22          into account for the taxable year with respect to a  
23          transaction with a taxpayer that is required to make an  
24          addition modification with respect to such transaction  
25          under        Section        203(a)(2)(D-19),        Section  
26          203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section

1           203(d)(2)(D-9), but not to exceed the amount of that  
2           addition modification. This subparagraph (V) is exempt  
3           from the provisions of Section 250;

4           (W) An amount equal to the interest income taken  
5           into account for the taxable year (net of the  
6           deductions allocable thereto) with respect to  
7           transactions with (i) a foreign person who would be a  
8           member of the taxpayer's unitary business group but for  
9           the fact that the foreign person's business activity  
10          outside the United States is 80% or more of that  
11          person's total business activity and (ii) for taxable  
12          years ending on or after December 31, 2008, to a person  
13          who would be a member of the same unitary business  
14          group but for the fact that the person is prohibited  
15          under Section 1501(a)(27) from being included in the  
16          unitary business group because he or she is ordinarily  
17          required to apportion business income under different  
18          subsections of Section 304, but not to exceed the  
19          addition modification required to be made for the same  
20          taxable year under Section 203(b)(2)(E-12) for  
21          interest paid, accrued, or incurred, directly or  
22          indirectly, to the same person. This subparagraph (W)  
23          is exempt from the provisions of Section 250; and

24          (X) An amount equal to the income from intangible  
25          property taken into account for the taxable year (net  
26          of the deductions allocable thereto) with respect to

1 transactions with (i) a foreign person who would be a  
2 member of the taxpayer's unitary business group but for  
3 the fact that the foreign person's business activity  
4 outside the United States is 80% or more of that  
5 person's total business activity and (ii) for taxable  
6 years ending on or after December 31, 2008, to a person  
7 who would be a member of the same unitary business  
8 group but for the fact that the person is prohibited  
9 under Section 1501(a)(27) from being included in the  
10 unitary business group because he or she is ordinarily  
11 required to apportion business income under different  
12 subsections of Section 304, but not to exceed the  
13 addition modification required to be made for the same  
14 taxable year under Section 203(b)(2)(E-13) for  
15 intangible expenses and costs paid, accrued, or  
16 incurred, directly or indirectly, to the same foreign  
17 person. This subparagraph (X) is exempt from the  
18 provisions of Section 250.

19 (3) Special rule. For purposes of paragraph (2) (A),  
20 "gross income" in the case of a life insurance company, for  
21 tax years ending on and after December 31, 1994, shall mean  
22 the gross investment income for the taxable year.

23 (c) Trusts and estates.

24 (1) In general. In the case of a trust or estate, base  
25 income means an amount equal to the taxpayer's taxable

1 income for the taxable year as modified by paragraph (2).

2 (2) Modifications. Subject to the provisions of  
3 paragraph (3), the taxable income referred to in paragraph  
4 (1) shall be modified by adding thereto the sum of the  
5 following amounts:

6 (A) An amount equal to all amounts paid or accrued  
7 to the taxpayer as interest or dividends during the  
8 taxable year to the extent excluded from gross income  
9 in the computation of taxable income;

10 (B) In the case of (i) an estate, \$600; (ii) a  
11 trust which, under its governing instrument, is  
12 required to distribute all of its income currently,  
13 \$300; and (iii) any other trust, \$100, but in each such  
14 case, only to the extent such amount was deducted in  
15 the computation of taxable income;

16 (C) An amount equal to the amount of tax imposed by  
17 this Act to the extent deducted from gross income in  
18 the computation of taxable income for the taxable year;

19 (D) The amount of any net operating loss deduction  
20 taken in arriving at taxable income, other than a net  
21 operating loss carried forward from a taxable year  
22 ending prior to December 31, 1986;

23 (E) For taxable years in which a net operating loss  
24 carryback or carryforward from a taxable year ending  
25 prior to December 31, 1986 is an element of taxable  
26 income under paragraph (1) of subsection (e) or

1           subparagraph (E) of paragraph (2) of subsection (e),  
2           the amount by which addition modifications other than  
3           those provided by this subparagraph (E) exceeded  
4           subtraction modifications in such taxable year, with  
5           the following limitations applied in the order that  
6           they are listed:

7                   (i) the addition modification relating to the  
8                   net operating loss carried back or forward to the  
9                   taxable year from any taxable year ending prior to  
10                  December 31, 1986 shall be reduced by the amount of  
11                  addition modification under this subparagraph (E)  
12                  which related to that net operating loss and which  
13                  was taken into account in calculating the base  
14                  income of an earlier taxable year, and

15                  (ii) the addition modification relating to the  
16                  net operating loss carried back or forward to the  
17                  taxable year from any taxable year ending prior to  
18                  December 31, 1986 shall not exceed the amount of  
19                  such carryback or carryforward;

20           For taxable years in which there is a net operating  
21           loss carryback or carryforward from more than one other  
22           taxable year ending prior to December 31, 1986, the  
23           addition modification provided in this subparagraph  
24           (E) shall be the sum of the amounts computed  
25           independently under the preceding provisions of this  
26           subparagraph (E) for each such taxable year;

1           (F) For taxable years ending on or after January 1,  
2           1989, an amount equal to the tax deducted pursuant to  
3           Section 164 of the Internal Revenue Code if the trust  
4           or estate is claiming the same tax for purposes of the  
5           Illinois foreign tax credit under Section 601 of this  
6           Act;

7           (G) An amount equal to the amount of the capital  
8           gain deduction allowable under the Internal Revenue  
9           Code, to the extent deducted from gross income in the  
10          computation of taxable income;

11          (G-5) For taxable years ending after December 31,  
12          1997, an amount equal to any eligible remediation costs  
13          that the trust or estate deducted in computing adjusted  
14          gross income and for which the trust or estate claims a  
15          credit under subsection (l) of Section 201;

16          (G-10) For taxable years 2001 and thereafter, an  
17          amount equal to the bonus depreciation deduction taken  
18          on the taxpayer's federal income tax return for the  
19          taxable year under subsection (k) of Section 168 of the  
20          Internal Revenue Code; and

21          (G-11) If the taxpayer sells, transfers, abandons,  
22          or otherwise disposes of property for which the  
23          taxpayer was required in any taxable year to make an  
24          addition modification under subparagraph (G-10), then  
25          an amount equal to the aggregate amount of the  
26          deductions taken in all taxable years under

1           subparagraph (R) with respect to that property.

2           If the taxpayer continues to own property through  
3           the last day of the last tax year for which the  
4           taxpayer may claim a depreciation deduction for  
5           federal income tax purposes and for which the taxpayer  
6           was allowed in any taxable year to make a subtraction  
7           modification under subparagraph (R), then an amount  
8           equal to that subtraction modification.

9           The taxpayer is required to make the addition  
10          modification under this subparagraph only once with  
11          respect to any one piece of property;

12          (G-12) An amount equal to the amount otherwise  
13          allowed as a deduction in computing base income for  
14          interest paid, accrued, or incurred, directly or  
15          indirectly, (i) for taxable years ending on or after  
16          December 31, 2004, to a foreign person who would be a  
17          member of the same unitary business group but for the  
18          fact that the foreign person's business activity  
19          outside the United States is 80% or more of the foreign  
20          person's total business activity and (ii) for taxable  
21          years ending on or after December 31, 2008, to a person  
22          who would be a member of the same unitary business  
23          group but for the fact that the person is prohibited  
24          under Section 1501(a)(27) from being included in the  
25          unitary business group because he or she is ordinarily  
26          required to apportion business income under different

1 subsections of Section 304. The addition modification  
2 required by this subparagraph shall be reduced to the  
3 extent that dividends were included in base income of  
4 the unitary group for the same taxable year and  
5 received by the taxpayer or by a member of the  
6 taxpayer's unitary business group (including amounts  
7 included in gross income pursuant to Sections 951  
8 through 964 of the Internal Revenue Code and amounts  
9 included in gross income under Section 78 of the  
10 Internal Revenue Code) with respect to the stock of the  
11 same person to whom the interest was paid, accrued, or  
12 incurred.

13 This paragraph shall not apply to the following:

14 (i) an item of interest paid, accrued, or  
15 incurred, directly or indirectly, to a person who  
16 is subject in a foreign country or state, other  
17 than a state which requires mandatory unitary  
18 reporting, to a tax on or measured by net income  
19 with respect to such interest; or

20 (ii) an item of interest paid, accrued, or  
21 incurred, directly or indirectly, to a person if  
22 the taxpayer can establish, based on a  
23 preponderance of the evidence, both of the  
24 following:

25 (a) the person, during the same taxable  
26 year, paid, accrued, or incurred, the interest

1 to a person that is not a related member, and

2 (b) the transaction giving rise to the  
3 interest expense between the taxpayer and the  
4 person did not have as a principal purpose the  
5 avoidance of Illinois income tax, and is paid  
6 pursuant to a contract or agreement that  
7 reflects an arm's-length interest rate and  
8 terms; or

9 (iii) the taxpayer can establish, based on  
10 clear and convincing evidence, that the interest  
11 paid, accrued, or incurred relates to a contract or  
12 agreement entered into at arm's-length rates and  
13 terms and the principal purpose for the payment is  
14 not federal or Illinois tax avoidance; or

15 (iv) an item of interest paid, accrued, or  
16 incurred, directly or indirectly, to a person if  
17 the taxpayer establishes by clear and convincing  
18 evidence that the adjustments are unreasonable; or  
19 if the taxpayer and the Director agree in writing  
20 to the application or use of an alternative method  
21 of apportionment under Section 304(f).

22 Nothing in this subsection shall preclude the  
23 Director from making any other adjustment  
24 otherwise allowed under Section 404 of this Act for  
25 any tax year beginning after the effective date of  
26 this amendment provided such adjustment is made

1           pursuant to regulation adopted by the Department  
2           and such regulations provide methods and standards  
3           by which the Department will utilize its authority  
4           under Section 404 of this Act;

5           (G-13) An amount equal to the amount of intangible  
6           expenses and costs otherwise allowed as a deduction in  
7           computing base income, and that were paid, accrued, or  
8           incurred, directly or indirectly, (i) for taxable  
9           years ending on or after December 31, 2004, to a  
10          foreign person who would be a member of the same  
11          unitary business group but for the fact that the  
12          foreign person's business activity outside the United  
13          States is 80% or more of that person's total business  
14          activity and (ii) for taxable years ending on or after  
15          December 31, 2008, to a person who would be a member of  
16          the same unitary business group but for the fact that  
17          the person is prohibited under Section 1501(a)(27)  
18          from being included in the unitary business group  
19          because he or she is ordinarily required to apportion  
20          business income under different subsections of Section  
21          304. The addition modification required by this  
22          subparagraph shall be reduced to the extent that  
23          dividends were included in base income of the unitary  
24          group for the same taxable year and received by the  
25          taxpayer or by a member of the taxpayer's unitary  
26          business group (including amounts included in gross

1 income pursuant to Sections 951 through 964 of the  
2 Internal Revenue Code and amounts included in gross  
3 income under Section 78 of the Internal Revenue Code)  
4 with respect to the stock of the same person to whom  
5 the intangible expenses and costs were directly or  
6 indirectly paid, incurred, or accrued. The preceding  
7 sentence shall not apply to the extent that the same  
8 dividends caused a reduction to the addition  
9 modification required under Section 203(c)(2)(G-12) of  
10 this Act. As used in this subparagraph, the term  
11 "intangible expenses and costs" includes: (1)  
12 expenses, losses, and costs for or related to the  
13 direct or indirect acquisition, use, maintenance or  
14 management, ownership, sale, exchange, or any other  
15 disposition of intangible property; (2) losses  
16 incurred, directly or indirectly, from factoring  
17 transactions or discounting transactions; (3) royalty,  
18 patent, technical, and copyright fees; (4) licensing  
19 fees; and (5) other similar expenses and costs. For  
20 purposes of this subparagraph, "intangible property"  
21 includes patents, patent applications, trade names,  
22 trademarks, service marks, copyrights, mask works,  
23 trade secrets, and similar types of intangible assets.

24 This paragraph shall not apply to the following:

25 (i) any item of intangible expenses or costs  
26 paid, accrued, or incurred, directly or

1 indirectly, from a transaction with a person who is  
2 subject in a foreign country or state, other than a  
3 state which requires mandatory unitary reporting,  
4 to a tax on or measured by net income with respect  
5 to such item; or

6 (ii) any item of intangible expense or cost  
7 paid, accrued, or incurred, directly or  
8 indirectly, if the taxpayer can establish, based  
9 on a preponderance of the evidence, both of the  
10 following:

11 (a) the person during the same taxable  
12 year paid, accrued, or incurred, the  
13 intangible expense or cost to a person that is  
14 not a related member, and

15 (b) the transaction giving rise to the  
16 intangible expense or cost between the  
17 taxpayer and the person did not have as a  
18 principal purpose the avoidance of Illinois  
19 income tax, and is paid pursuant to a contract  
20 or agreement that reflects arm's-length terms;  
21 or

22 (iii) any item of intangible expense or cost  
23 paid, accrued, or incurred, directly or  
24 indirectly, from a transaction with a person if the  
25 taxpayer establishes by clear and convincing  
26 evidence, that the adjustments are unreasonable;

1           or if the taxpayer and the Director agree in  
2           writing to the application or use of an alternative  
3           method of apportionment under Section 304(f);

4           Nothing in this subsection shall preclude the  
5           Director from making any other adjustment  
6           otherwise allowed under Section 404 of this Act for  
7           any tax year beginning after the effective date of  
8           this amendment provided such adjustment is made  
9           pursuant to regulation adopted by the Department  
10          and such regulations provide methods and standards  
11          by which the Department will utilize its authority  
12          under Section 404 of this Act;

13          (G-14) For taxable years ending on or after  
14          December 31, 2008, an amount equal to the amount of  
15          insurance premium expenses and costs otherwise allowed  
16          as a deduction in computing base income, and that were  
17          paid, accrued, or incurred, directly or indirectly, to  
18          a person who would be a member of the same unitary  
19          business group but for the fact that the person is  
20          prohibited under Section 1501(a)(27) from being  
21          included in the unitary business group because he or  
22          she is ordinarily required to apportion business  
23          income under different subsections of Section 304. The  
24          addition modification required by this subparagraph  
25          shall be reduced to the extent that dividends were  
26          included in base income of the unitary group for the

1 same taxable year and received by the taxpayer or by a  
2 member of the taxpayer's unitary business group  
3 (including amounts included in gross income under  
4 Sections 951 through 964 of the Internal Revenue Code  
5 and amounts included in gross income under Section 78  
6 of the Internal Revenue Code) with respect to the stock  
7 of the same person to whom the premiums and costs were  
8 directly or indirectly paid, incurred, or accrued. The  
9 preceding sentence does not apply to the extent that  
10 the same dividends caused a reduction to the addition  
11 modification required under Section 203(c)(2)(G-12) or  
12 Section 203(c)(2)(G-13) of this Act;

13 (G-15) An amount equal to the credit allowable to  
14 the taxpayer under Section 218(a) of this Act,  
15 determined without regard to Section 218(c) of this  
16 Act;

17 and by deducting from the total so obtained the sum of the  
18 following amounts:

19 (H) An amount equal to all amounts included in such  
20 total pursuant to the provisions of Sections 402(a),  
21 402(c), 403(a), 403(b), 406(a), 407(a) and 408 of the  
22 Internal Revenue Code or included in such total as  
23 distributions under the provisions of any retirement  
24 or disability plan for employees of any governmental  
25 agency or unit, or retirement payments to retired  
26 partners, which payments are excluded in computing net

1 earnings from self employment by Section 1402 of the  
2 Internal Revenue Code and regulations adopted pursuant  
3 thereto;

4 (I) The valuation limitation amount;

5 (J) An amount equal to the amount of any tax  
6 imposed by this Act which was refunded to the taxpayer  
7 and included in such total for the taxable year;

8 (K) An amount equal to all amounts included in  
9 taxable income as modified by subparagraphs (A), (B),  
10 (C), (D), (E), (F) and (G) which are exempt from  
11 taxation by this State either by reason of its statutes  
12 or Constitution or by reason of the Constitution,  
13 treaties or statutes of the United States; provided  
14 that, in the case of any statute of this State that  
15 exempts income derived from bonds or other obligations  
16 from the tax imposed under this Act, the amount  
17 exempted shall be the interest net of bond premium  
18 amortization;

19 (L) With the exception of any amounts subtracted  
20 under subparagraph (K), an amount equal to the sum of  
21 all amounts disallowed as deductions by (i) Sections  
22 171(a) (2) and 265(a) (2) of the Internal Revenue Code,  
23 as now or hereafter amended, and all amounts of  
24 expenses allocable to interest and disallowed as  
25 deductions by Section 265(1) of the Internal Revenue  
26 Code of 1954, as now or hereafter amended; and (ii) for

1 taxable years ending on or after August 13, 1999,  
2 Sections 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of  
3 the Internal Revenue Code; the provisions of this  
4 subparagraph are exempt from the provisions of Section  
5 250;

6 (M) An amount equal to those dividends included in  
7 such total which were paid by a corporation which  
8 conducts business operations in an Enterprise Zone or  
9 zones created under the Illinois Enterprise Zone Act or  
10 a River Edge Redevelopment Zone or zones created under  
11 the River Edge Redevelopment Zone Act and conducts  
12 substantially all of its operations in an Enterprise  
13 Zone or Zones or a River Edge Redevelopment Zone or  
14 zones. This subparagraph (M) is exempt from the  
15 provisions of Section 250;

16 (N) An amount equal to any contribution made to a  
17 job training project established pursuant to the Tax  
18 Increment Allocation Redevelopment Act;

19 (O) An amount equal to those dividends included in  
20 such total that were paid by a corporation that  
21 conducts business operations in a federally designated  
22 Foreign Trade Zone or Sub-Zone and that is designated a  
23 High Impact Business located in Illinois; provided  
24 that dividends eligible for the deduction provided in  
25 subparagraph (M) of paragraph (2) of this subsection  
26 shall not be eligible for the deduction provided under

1           this subparagraph (O);

2           (P) An amount equal to the amount of the deduction  
3           used to compute the federal income tax credit for  
4           restoration of substantial amounts held under claim of  
5           right for the taxable year pursuant to Section 1341 of  
6           the Internal Revenue Code of 1986;

7           (Q) For taxable year 1999 and thereafter, an amount  
8           equal to the amount of any (i) distributions, to the  
9           extent includible in gross income for federal income  
10          tax purposes, made to the taxpayer because of his or  
11          her status as a victim of persecution for racial or  
12          religious reasons by Nazi Germany or any other Axis  
13          regime or as an heir of the victim and (ii) items of  
14          income, to the extent includible in gross income for  
15          federal income tax purposes, attributable to, derived  
16          from or in any way related to assets stolen from,  
17          hidden from, or otherwise lost to a victim of  
18          persecution for racial or religious reasons by Nazi  
19          Germany or any other Axis regime immediately prior to,  
20          during, and immediately after World War II, including,  
21          but not limited to, interest on the proceeds receivable  
22          as insurance under policies issued to a victim of  
23          persecution for racial or religious reasons by Nazi  
24          Germany or any other Axis regime by European insurance  
25          companies immediately prior to and during World War II;  
26          provided, however, this subtraction from federal

1 adjusted gross income does not apply to assets acquired  
2 with such assets or with the proceeds from the sale of  
3 such assets; provided, further, this paragraph shall  
4 only apply to a taxpayer who was the first recipient of  
5 such assets after their recovery and who is a victim of  
6 persecution for racial or religious reasons by Nazi  
7 Germany or any other Axis regime or as an heir of the  
8 victim. The amount of and the eligibility for any  
9 public assistance, benefit, or similar entitlement is  
10 not affected by the inclusion of items (i) and (ii) of  
11 this paragraph in gross income for federal income tax  
12 purposes. This paragraph is exempt from the provisions  
13 of Section 250;

14 (R) For taxable years 2001 and thereafter, for the  
15 taxable year in which the bonus depreciation deduction  
16 is taken on the taxpayer's federal income tax return  
17 under subsection (k) of Section 168 of the Internal  
18 Revenue Code and for each applicable taxable year  
19 thereafter, an amount equal to "x", where:

20 (1) "y" equals the amount of the depreciation  
21 deduction taken for the taxable year on the  
22 taxpayer's federal income tax return on property  
23 for which the bonus depreciation deduction was  
24 taken in any year under subsection (k) of Section  
25 168 of the Internal Revenue Code, but not including  
26 the bonus depreciation deduction;

1           (2) for taxable years ending on or before  
2           December 31, 2005, "x" equals "y" multiplied by 30  
3           and then divided by 70 (or "y" multiplied by  
4           0.429); and

5           (3) for taxable years ending after December  
6           31, 2005:

7           (i) for property on which a bonus  
8           depreciation deduction of 30% of the adjusted  
9           basis was taken, "x" equals "y" multiplied by  
10          30 and then divided by 70 (or "y" multiplied by  
11          0.429); and

12          (ii) for property on which a bonus  
13          depreciation deduction of 50% of the adjusted  
14          basis was taken, "x" equals "y" multiplied by  
15          1.0.

16          The aggregate amount deducted under this  
17          subparagraph in all taxable years for any one piece of  
18          property may not exceed the amount of the bonus  
19          depreciation deduction taken on that property on the  
20          taxpayer's federal income tax return under subsection  
21          (k) of Section 168 of the Internal Revenue Code. This  
22          subparagraph (R) is exempt from the provisions of  
23          Section 250;

24          (S) If the taxpayer sells, transfers, abandons, or  
25          otherwise disposes of property for which the taxpayer  
26          was required in any taxable year to make an addition

1           modification under subparagraph (G-10), then an amount  
2           equal to that addition modification.

3           If the taxpayer continues to own property through  
4           the last day of the last tax year for which the  
5           taxpayer may claim a depreciation deduction for  
6           federal income tax purposes and for which the taxpayer  
7           was required in any taxable year to make an addition  
8           modification under subparagraph (G-10), then an amount  
9           equal to that addition modification.

10          The taxpayer is allowed to take the deduction under  
11          this subparagraph only once with respect to any one  
12          piece of property.

13          This subparagraph (S) is exempt from the  
14          provisions of Section 250;

15          (T) The amount of (i) any interest income (net of  
16          the deductions allocable thereto) taken into account  
17          for the taxable year with respect to a transaction with  
18          a taxpayer that is required to make an addition  
19          modification with respect to such transaction under  
20          Section           203(a)(2)(D-17),           203(b)(2)(E-12),  
21          203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
22          the amount of such addition modification and (ii) any  
23          income from intangible property (net of the deductions  
24          allocable thereto) taken into account for the taxable  
25          year with respect to a transaction with a taxpayer that  
26          is required to make an addition modification with

1           respect to such transaction under Section  
2           203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
3           203(d)(2)(D-8), but not to exceed the amount of such  
4           addition modification. This subparagraph (T) is exempt  
5           from the provisions of Section 250;

6           (U) An amount equal to the interest income taken  
7           into account for the taxable year (net of the  
8           deductions allocable thereto) with respect to  
9           transactions with (i) a foreign person who would be a  
10          member of the taxpayer's unitary business group but for  
11          the fact the foreign person's business activity  
12          outside the United States is 80% or more of that  
13          person's total business activity and (ii) for taxable  
14          years ending on or after December 31, 2008, to a person  
15          who would be a member of the same unitary business  
16          group but for the fact that the person is prohibited  
17          under Section 1501(a)(27) from being included in the  
18          unitary business group because he or she is ordinarily  
19          required to apportion business income under different  
20          subsections of Section 304, but not to exceed the  
21          addition modification required to be made for the same  
22          taxable year under Section 203(c)(2)(G-12) for  
23          interest paid, accrued, or incurred, directly or  
24          indirectly, to the same person. This subparagraph (U)  
25          is exempt from the provisions of Section 250; and

26          (V) An amount equal to the income from intangible

1 property taken into account for the taxable year (net  
2 of the deductions allocable thereto) with respect to  
3 transactions with (i) a foreign person who would be a  
4 member of the taxpayer's unitary business group but for  
5 the fact that the foreign person's business activity  
6 outside the United States is 80% or more of that  
7 person's total business activity and (ii) for taxable  
8 years ending on or after December 31, 2008, to a person  
9 who would be a member of the same unitary business  
10 group but for the fact that the person is prohibited  
11 under Section 1501(a)(27) from being included in the  
12 unitary business group because he or she is ordinarily  
13 required to apportion business income under different  
14 subsections of Section 304, but not to exceed the  
15 addition modification required to be made for the same  
16 taxable year under Section 203(c)(2)(G-13) for  
17 intangible expenses and costs paid, accrued, or  
18 incurred, directly or indirectly, to the same foreign  
19 person. This subparagraph (V) is exempt from the  
20 provisions of Section 250.

21 (3) Limitation. The amount of any modification  
22 otherwise required under this subsection shall, under  
23 regulations prescribed by the Department, be adjusted by  
24 any amounts included therein which were properly paid,  
25 credited, or required to be distributed, or permanently set  
26 aside for charitable purposes pursuant to Internal Revenue

1 Code Section 642(c) during the taxable year.

2 (d) Partnerships.

3 (1) In general. In the case of a partnership, base  
4 income means an amount equal to the taxpayer's taxable  
5 income for the taxable year as modified by paragraph (2).

6 (2) Modifications. The taxable income referred to in  
7 paragraph (1) shall be modified by adding thereto the sum  
8 of the following amounts:

9 (A) An amount equal to all amounts paid or accrued  
10 to the taxpayer as interest or dividends during the  
11 taxable year to the extent excluded from gross income  
12 in the computation of taxable income;

13 (B) An amount equal to the amount of tax imposed by  
14 this Act to the extent deducted from gross income for  
15 the taxable year;

16 (C) The amount of deductions allowed to the  
17 partnership pursuant to Section 707 (c) of the Internal  
18 Revenue Code in calculating its taxable income;

19 (D) An amount equal to the amount of the capital  
20 gain deduction allowable under the Internal Revenue  
21 Code, to the extent deducted from gross income in the  
22 computation of taxable income;

23 (D-5) For taxable years 2001 and thereafter, an  
24 amount equal to the bonus depreciation deduction taken  
25 on the taxpayer's federal income tax return for the

1 taxable year under subsection (k) of Section 168 of the  
2 Internal Revenue Code;

3 (D-6) If the taxpayer sells, transfers, abandons,  
4 or otherwise disposes of property for which the  
5 taxpayer was required in any taxable year to make an  
6 addition modification under subparagraph (D-5), then  
7 an amount equal to the aggregate amount of the  
8 deductions taken in all taxable years under  
9 subparagraph (O) with respect to that property.

10 If the taxpayer continues to own property through  
11 the last day of the last tax year for which the  
12 taxpayer may claim a depreciation deduction for  
13 federal income tax purposes and for which the taxpayer  
14 was allowed in any taxable year to make a subtraction  
15 modification under subparagraph (O), then an amount  
16 equal to that subtraction modification.

17 The taxpayer is required to make the addition  
18 modification under this subparagraph only once with  
19 respect to any one piece of property;

20 (D-7) An amount equal to the amount otherwise  
21 allowed as a deduction in computing base income for  
22 interest paid, accrued, or incurred, directly or  
23 indirectly, (i) for taxable years ending on or after  
24 December 31, 2004, to a foreign person who would be a  
25 member of the same unitary business group but for the  
26 fact the foreign person's business activity outside

1 the United States is 80% or more of the foreign  
2 person's total business activity and (ii) for taxable  
3 years ending on or after December 31, 2008, to a person  
4 who would be a member of the same unitary business  
5 group but for the fact that the person is prohibited  
6 under Section 1501(a)(27) from being included in the  
7 unitary business group because he or she is ordinarily  
8 required to apportion business income under different  
9 subsections of Section 304. The addition modification  
10 required by this subparagraph shall be reduced to the  
11 extent that dividends were included in base income of  
12 the unitary group for the same taxable year and  
13 received by the taxpayer or by a member of the  
14 taxpayer's unitary business group (including amounts  
15 included in gross income pursuant to Sections 951  
16 through 964 of the Internal Revenue Code and amounts  
17 included in gross income under Section 78 of the  
18 Internal Revenue Code) with respect to the stock of the  
19 same person to whom the interest was paid, accrued, or  
20 incurred.

21 This paragraph shall not apply to the following:

22 (i) an item of interest paid, accrued, or  
23 incurred, directly or indirectly, to a person who  
24 is subject in a foreign country or state, other  
25 than a state which requires mandatory unitary  
26 reporting, to a tax on or measured by net income

1 with respect to such interest; or

2 (ii) an item of interest paid, accrued, or  
3 incurred, directly or indirectly, to a person if  
4 the taxpayer can establish, based on a  
5 preponderance of the evidence, both of the  
6 following:

7 (a) the person, during the same taxable  
8 year, paid, accrued, or incurred, the interest  
9 to a person that is not a related member, and

10 (b) the transaction giving rise to the  
11 interest expense between the taxpayer and the  
12 person did not have as a principal purpose the  
13 avoidance of Illinois income tax, and is paid  
14 pursuant to a contract or agreement that  
15 reflects an arm's-length interest rate and  
16 terms; or

17 (iii) the taxpayer can establish, based on  
18 clear and convincing evidence, that the interest  
19 paid, accrued, or incurred relates to a contract or  
20 agreement entered into at arm's-length rates and  
21 terms and the principal purpose for the payment is  
22 not federal or Illinois tax avoidance; or

23 (iv) an item of interest paid, accrued, or  
24 incurred, directly or indirectly, to a person if  
25 the taxpayer establishes by clear and convincing  
26 evidence that the adjustments are unreasonable; or

1           if the taxpayer and the Director agree in writing  
2           to the application or use of an alternative method  
3           of apportionment under Section 304(f).

4           Nothing in this subsection shall preclude the  
5           Director from making any other adjustment  
6           otherwise allowed under Section 404 of this Act for  
7           any tax year beginning after the effective date of  
8           this amendment provided such adjustment is made  
9           pursuant to regulation adopted by the Department  
10          and such regulations provide methods and standards  
11          by which the Department will utilize its authority  
12          under Section 404 of this Act; and

13          (D-8) An amount equal to the amount of intangible  
14          expenses and costs otherwise allowed as a deduction in  
15          computing base income, and that were paid, accrued, or  
16          incurred, directly or indirectly, (i) for taxable  
17          years ending on or after December 31, 2004, to a  
18          foreign person who would be a member of the same  
19          unitary business group but for the fact that the  
20          foreign person's business activity outside the United  
21          States is 80% or more of that person's total business  
22          activity and (ii) for taxable years ending on or after  
23          December 31, 2008, to a person who would be a member of  
24          the same unitary business group but for the fact that  
25          the person is prohibited under Section 1501(a)(27)  
26          from being included in the unitary business group

1           because he or she is ordinarily required to apportion  
2           business income under different subsections of Section  
3           304. The addition modification required by this  
4           subparagraph shall be reduced to the extent that  
5           dividends were included in base income of the unitary  
6           group for the same taxable year and received by the  
7           taxpayer or by a member of the taxpayer's unitary  
8           business group (including amounts included in gross  
9           income pursuant to Sections 951 through 964 of the  
10          Internal Revenue Code and amounts included in gross  
11          income under Section 78 of the Internal Revenue Code)  
12          with respect to the stock of the same person to whom  
13          the intangible expenses and costs were directly or  
14          indirectly paid, incurred or accrued. The preceding  
15          sentence shall not apply to the extent that the same  
16          dividends caused a reduction to the addition  
17          modification required under Section 203(d)(2)(D-7) of  
18          this Act. As used in this subparagraph, the term  
19          "intangible expenses and costs" includes (1) expenses,  
20          losses, and costs for, or related to, the direct or  
21          indirect acquisition, use, maintenance or management,  
22          ownership, sale, exchange, or any other disposition of  
23          intangible property; (2) losses incurred, directly or  
24          indirectly, from factoring transactions or discounting  
25          transactions; (3) royalty, patent, technical, and  
26          copyright fees; (4) licensing fees; and (5) other

1 similar expenses and costs. For purposes of this  
2 subparagraph, "intangible property" includes patents,  
3 patent applications, trade names, trademarks, service  
4 marks, copyrights, mask works, trade secrets, and  
5 similar types of intangible assets;

6 This paragraph shall not apply to the following:

7 (i) any item of intangible expenses or costs  
8 paid, accrued, or incurred, directly or  
9 indirectly, from a transaction with a person who is  
10 subject in a foreign country or state, other than a  
11 state which requires mandatory unitary reporting,  
12 to a tax on or measured by net income with respect  
13 to such item; or

14 (ii) any item of intangible expense or cost  
15 paid, accrued, or incurred, directly or  
16 indirectly, if the taxpayer can establish, based  
17 on a preponderance of the evidence, both of the  
18 following:

19 (a) the person during the same taxable  
20 year paid, accrued, or incurred, the  
21 intangible expense or cost to a person that is  
22 not a related member, and

23 (b) the transaction giving rise to the  
24 intangible expense or cost between the  
25 taxpayer and the person did not have as a  
26 principal purpose the avoidance of Illinois

1 income tax, and is paid pursuant to a contract  
2 or agreement that reflects arm's-length terms;  
3 or

4 (iii) any item of intangible expense or cost  
5 paid, accrued, or incurred, directly or  
6 indirectly, from a transaction with a person if the  
7 taxpayer establishes by clear and convincing  
8 evidence, that the adjustments are unreasonable;  
9 or if the taxpayer and the Director agree in  
10 writing to the application or use of an alternative  
11 method of apportionment under Section 304(f);

12 Nothing in this subsection shall preclude the  
13 Director from making any other adjustment  
14 otherwise allowed under Section 404 of this Act for  
15 any tax year beginning after the effective date of  
16 this amendment provided such adjustment is made  
17 pursuant to regulation adopted by the Department  
18 and such regulations provide methods and standards  
19 by which the Department will utilize its authority  
20 under Section 404 of this Act;

21 (D-9) For taxable years ending on or after December  
22 31, 2008, an amount equal to the amount of insurance  
23 premium expenses and costs otherwise allowed as a  
24 deduction in computing base income, and that were paid,  
25 accrued, or incurred, directly or indirectly, to a  
26 person who would be a member of the same unitary

1 business group but for the fact that the person is  
2 prohibited under Section 1501(a)(27) from being  
3 included in the unitary business group because he or  
4 she is ordinarily required to apportion business  
5 income under different subsections of Section 304. The  
6 addition modification required by this subparagraph  
7 shall be reduced to the extent that dividends were  
8 included in base income of the unitary group for the  
9 same taxable year and received by the taxpayer or by a  
10 member of the taxpayer's unitary business group  
11 (including amounts included in gross income under  
12 Sections 951 through 964 of the Internal Revenue Code  
13 and amounts included in gross income under Section 78  
14 of the Internal Revenue Code) with respect to the stock  
15 of the same person to whom the premiums and costs were  
16 directly or indirectly paid, incurred, or accrued. The  
17 preceding sentence does not apply to the extent that  
18 the same dividends caused a reduction to the addition  
19 modification required under Section 203(d)(2)(D-7) or  
20 Section 203(d)(2)(D-8) of this Act;

21 (D-10) An amount equal to the credit allowable to  
22 the taxpayer under Section 218(a) of this Act,  
23 determined without regard to Section 218(c) of this  
24 Act;

25 and by deducting from the total so obtained the following  
26 amounts:

1 (E) The valuation limitation amount;

2 (F) An amount equal to the amount of any tax  
3 imposed by this Act which was refunded to the taxpayer  
4 and included in such total for the taxable year;

5 (G) An amount equal to all amounts included in  
6 taxable income as modified by subparagraphs (A), (B),  
7 (C) and (D) which are exempt from taxation by this  
8 State either by reason of its statutes or Constitution  
9 or by reason of the Constitution, treaties or statutes  
10 of the United States; provided that, in the case of any  
11 statute of this State that exempts income derived from  
12 bonds or other obligations from the tax imposed under  
13 this Act, the amount exempted shall be the interest net  
14 of bond premium amortization;

15 (H) Any income of the partnership which  
16 constitutes personal service income as defined in  
17 Section 1348 (b) (1) of the Internal Revenue Code (as  
18 in effect December 31, 1981) or a reasonable allowance  
19 for compensation paid or accrued for services rendered  
20 by partners to the partnership, whichever is greater;

21 (I) An amount equal to all amounts of income  
22 distributable to an entity subject to the Personal  
23 Property Tax Replacement Income Tax imposed by  
24 subsections (c) and (d) of Section 201 of this Act  
25 including amounts distributable to organizations  
26 exempt from federal income tax by reason of Section

1           501(a) of the Internal Revenue Code;

2           (J) With the exception of any amounts subtracted  
3           under subparagraph (G), an amount equal to the sum of  
4           all amounts disallowed as deductions by (i) Sections  
5           171(a) (2), and 265(2) of the Internal Revenue Code of  
6           1954, as now or hereafter amended, and all amounts of  
7           expenses allocable to interest and disallowed as  
8           deductions by Section 265(1) of the Internal Revenue  
9           Code, as now or hereafter amended; and (ii) for taxable  
10          years ending on or after August 13, 1999, Sections  
11          171(a) (2), 265, 280C, and 832(b) (5) (B) (i) of the  
12          Internal Revenue Code; the provisions of this  
13          subparagraph are exempt from the provisions of Section  
14          250;

15          (K) An amount equal to those dividends included in  
16          such total which were paid by a corporation which  
17          conducts business operations in an Enterprise Zone or  
18          zones created under the Illinois Enterprise Zone Act,  
19          enacted by the 82nd General Assembly, or a River Edge  
20          Redevelopment Zone or zones created under the River  
21          Edge Redevelopment Zone Act and conducts substantially  
22          all of its operations in an Enterprise Zone or Zones or  
23          from a River Edge Redevelopment Zone or zones. This  
24          subparagraph (K) is exempt from the provisions of  
25          Section 250;

26          (L) An amount equal to any contribution made to a

1 job training project established pursuant to the Real  
2 Property Tax Increment Allocation Redevelopment Act;

3 (M) An amount equal to those dividends included in  
4 such total that were paid by a corporation that  
5 conducts business operations in a federally designated  
6 Foreign Trade Zone or Sub-Zone and that is designated a  
7 High Impact Business located in Illinois; provided  
8 that dividends eligible for the deduction provided in  
9 subparagraph (K) of paragraph (2) of this subsection  
10 shall not be eligible for the deduction provided under  
11 this subparagraph (M);

12 (N) An amount equal to the amount of the deduction  
13 used to compute the federal income tax credit for  
14 restoration of substantial amounts held under claim of  
15 right for the taxable year pursuant to Section 1341 of  
16 the Internal Revenue Code of 1986;

17 (O) For taxable years 2001 and thereafter, for the  
18 taxable year in which the bonus depreciation deduction  
19 is taken on the taxpayer's federal income tax return  
20 under subsection (k) of Section 168 of the Internal  
21 Revenue Code and for each applicable taxable year  
22 thereafter, an amount equal to "x", where:

23 (1) "y" equals the amount of the depreciation  
24 deduction taken for the taxable year on the  
25 taxpayer's federal income tax return on property  
26 for which the bonus depreciation deduction was

1 taken in any year under subsection (k) of Section  
2 168 of the Internal Revenue Code, but not including  
3 the bonus depreciation deduction;

4 (2) for taxable years ending on or before  
5 December 31, 2005, "x" equals "y" multiplied by 30  
6 and then divided by 70 (or "y" multiplied by  
7 0.429); and

8 (3) for taxable years ending after December  
9 31, 2005:

10 (i) for property on which a bonus  
11 depreciation deduction of 30% of the adjusted  
12 basis was taken, "x" equals "y" multiplied by  
13 30 and then divided by 70 (or "y" multiplied by  
14 0.429); and

15 (ii) for property on which a bonus  
16 depreciation deduction of 50% of the adjusted  
17 basis was taken, "x" equals "y" multiplied by  
18 1.0.

19 The aggregate amount deducted under this  
20 subparagraph in all taxable years for any one piece of  
21 property may not exceed the amount of the bonus  
22 depreciation deduction taken on that property on the  
23 taxpayer's federal income tax return under subsection  
24 (k) of Section 168 of the Internal Revenue Code. This  
25 subparagraph (O) is exempt from the provisions of  
26 Section 250;

1           (P) If the taxpayer sells, transfers, abandons, or  
2 otherwise disposes of property for which the taxpayer  
3 was required in any taxable year to make an addition  
4 modification under subparagraph (D-5), then an amount  
5 equal to that addition modification.

6           If the taxpayer continues to own property through  
7 the last day of the last tax year for which the  
8 taxpayer may claim a depreciation deduction for  
9 federal income tax purposes and for which the taxpayer  
10 was required in any taxable year to make an addition  
11 modification under subparagraph (D-5), then an amount  
12 equal to that addition modification.

13           The taxpayer is allowed to take the deduction under  
14 this subparagraph only once with respect to any one  
15 piece of property.

16           This subparagraph (P) is exempt from the  
17 provisions of Section 250;

18           (Q) The amount of (i) any interest income (net of  
19 the deductions allocable thereto) taken into account  
20 for the taxable year with respect to a transaction with  
21 a taxpayer that is required to make an addition  
22 modification with respect to such transaction under  
23 Section           203(a) (2) (D-17),           203(b) (2) (E-12),  
24 203(c) (2) (G-12), or 203(d) (2) (D-7), but not to exceed  
25 the amount of such addition modification and (ii) any  
26 income from intangible property (net of the deductions

1 allocable thereto) taken into account for the taxable  
2 year with respect to a transaction with a taxpayer that  
3 is required to make an addition modification with  
4 respect to such transaction under Section  
5 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
6 203(d)(2)(D-8), but not to exceed the amount of such  
7 addition modification. This subparagraph (Q) is exempt  
8 from Section 250;

9 (R) An amount equal to the interest income taken  
10 into account for the taxable year (net of the  
11 deductions allocable thereto) with respect to  
12 transactions with (i) a foreign person who would be a  
13 member of the taxpayer's unitary business group but for  
14 the fact that the foreign person's business activity  
15 outside the United States is 80% or more of that  
16 person's total business activity and (ii) for taxable  
17 years ending on or after December 31, 2008, to a person  
18 who would be a member of the same unitary business  
19 group but for the fact that the person is prohibited  
20 under Section 1501(a)(27) from being included in the  
21 unitary business group because he or she is ordinarily  
22 required to apportion business income under different  
23 subsections of Section 304, but not to exceed the  
24 addition modification required to be made for the same  
25 taxable year under Section 203(d)(2)(D-7) for interest  
26 paid, accrued, or incurred, directly or indirectly, to

1 the same person. This subparagraph (R) is exempt from  
2 Section 250; and

3 (S) An amount equal to the income from intangible  
4 property taken into account for the taxable year (net  
5 of the deductions allocable thereto) with respect to  
6 transactions with (i) a foreign person who would be a  
7 member of the taxpayer's unitary business group but for  
8 the fact that the foreign person's business activity  
9 outside the United States is 80% or more of that  
10 person's total business activity and (ii) for taxable  
11 years ending on or after December 31, 2008, to a person  
12 who would be a member of the same unitary business  
13 group but for the fact that the person is prohibited  
14 under Section 1501(a)(27) from being included in the  
15 unitary business group because he or she is ordinarily  
16 required to apportion business income under different  
17 subsections of Section 304, but not to exceed the  
18 addition modification required to be made for the same  
19 taxable year under Section 203(d)(2)(D-8) for  
20 intangible expenses and costs paid, accrued, or  
21 incurred, directly or indirectly, to the same person.  
22 This subparagraph (S) is exempt from Section 250.

23 (e) Gross income; adjusted gross income; taxable income.

24 (1) In general. Subject to the provisions of paragraph  
25 (2) and subsection (b) (3), for purposes of this Section

1 and Section 803(e), a taxpayer's gross income, adjusted  
2 gross income, or taxable income for the taxable year shall  
3 mean the amount of gross income, adjusted gross income or  
4 taxable income properly reportable for federal income tax  
5 purposes for the taxable year under the provisions of the  
6 Internal Revenue Code. Taxable income may be less than  
7 zero. However, for taxable years ending on or after  
8 December 31, 1986, net operating loss carryforwards from  
9 taxable years ending prior to December 31, 1986, may not  
10 exceed the sum of federal taxable income for the taxable  
11 year before net operating loss deduction, plus the excess  
12 of addition modifications over subtraction modifications  
13 for the taxable year. For taxable years ending prior to  
14 December 31, 1986, taxable income may never be an amount in  
15 excess of the net operating loss for the taxable year as  
16 defined in subsections (c) and (d) of Section 172 of the  
17 Internal Revenue Code, provided that when taxable income of  
18 a corporation (other than a Subchapter S corporation),  
19 trust, or estate is less than zero and addition  
20 modifications, other than those provided by subparagraph  
21 (E) of paragraph (2) of subsection (b) for corporations or  
22 subparagraph (E) of paragraph (2) of subsection (c) for  
23 trusts and estates, exceed subtraction modifications, an  
24 addition modification must be made under those  
25 subparagraphs for any other taxable year to which the  
26 taxable income less than zero (net operating loss) is

1 applied under Section 172 of the Internal Revenue Code or  
2 under subparagraph (E) of paragraph (2) of this subsection  
3 (e) applied in conjunction with Section 172 of the Internal  
4 Revenue Code.

5 (2) Special rule. For purposes of paragraph (1) of this  
6 subsection, the taxable income properly reportable for  
7 federal income tax purposes shall mean:

8 (A) Certain life insurance companies. In the case  
9 of a life insurance company subject to the tax imposed  
10 by Section 801 of the Internal Revenue Code, life  
11 insurance company taxable income, plus the amount of  
12 distribution from pre-1984 policyholder surplus  
13 accounts as calculated under Section 815a of the  
14 Internal Revenue Code;

15 (B) Certain other insurance companies. In the case  
16 of mutual insurance companies subject to the tax  
17 imposed by Section 831 of the Internal Revenue Code,  
18 insurance company taxable income;

19 (C) Regulated investment companies. In the case of  
20 a regulated investment company subject to the tax  
21 imposed by Section 852 of the Internal Revenue Code,  
22 investment company taxable income;

23 (D) Real estate investment trusts. In the case of a  
24 real estate investment trust subject to the tax imposed  
25 by Section 857 of the Internal Revenue Code, real  
26 estate investment trust taxable income;

1           (E) Consolidated corporations. In the case of a  
2 corporation which is a member of an affiliated group of  
3 corporations filing a consolidated income tax return  
4 for the taxable year for federal income tax purposes,  
5 taxable income determined as if such corporation had  
6 filed a separate return for federal income tax purposes  
7 for the taxable year and each preceding taxable year  
8 for which it was a member of an affiliated group. For  
9 purposes of this subparagraph, the taxpayer's separate  
10 taxable income shall be determined as if the election  
11 provided by Section 243(b) (2) of the Internal Revenue  
12 Code had been in effect for all such years;

13           (F) Cooperatives. In the case of a cooperative  
14 corporation or association, the taxable income of such  
15 organization determined in accordance with the  
16 provisions of Section 1381 through 1388 of the Internal  
17 Revenue Code, but without regard to the prohibition  
18 against offsetting losses from patronage activities  
19 against income from nonpatronage activities; except  
20 that a cooperative corporation or association may make  
21 an election to follow its federal income tax treatment  
22 of patronage losses and nonpatronage losses. In the  
23 event such election is made, such losses shall be  
24 computed and carried over in a manner consistent with  
25 subsection (a) of Section 207 of this Act and  
26 apportioned by the apportionment factor reported by

1 the cooperative on its Illinois income tax return filed  
2 for the taxable year in which the losses are incurred.  
3 The election shall be effective for all taxable years  
4 with original returns due on or after the date of the  
5 election. In addition, the cooperative may file an  
6 amended return or returns, as allowed under this Act,  
7 to provide that the election shall be effective for  
8 losses incurred or carried forward for taxable years  
9 occurring prior to the date of the election. Once made,  
10 the election may only be revoked upon approval of the  
11 Director. The Department shall adopt rules setting  
12 forth requirements for documenting the elections and  
13 any resulting Illinois net loss and the standards to be  
14 used by the Director in evaluating requests to revoke  
15 elections. Public Act 96-932 ~~This amendatory Act of the~~  
16 ~~96th General Assembly~~ is declaratory of existing law;

17 (G) Subchapter S corporations. In the case of: (i)  
18 a Subchapter S corporation for which there is in effect  
19 an election for the taxable year under Section 1362 of  
20 the Internal Revenue Code, the taxable income of such  
21 corporation determined in accordance with Section  
22 1363(b) of the Internal Revenue Code, except that  
23 taxable income shall take into account those items  
24 which are required by Section 1363(b)(1) of the  
25 Internal Revenue Code to be separately stated; and (ii)  
26 a Subchapter S corporation for which there is in effect

1 a federal election to opt out of the provisions of the  
2 Subchapter S Revision Act of 1982 and have applied  
3 instead the prior federal Subchapter S rules as in  
4 effect on July 1, 1982, the taxable income of such  
5 corporation determined in accordance with the federal  
6 Subchapter S rules as in effect on July 1, 1982; and

7 (H) Partnerships. In the case of a partnership,  
8 taxable income determined in accordance with Section  
9 703 of the Internal Revenue Code, except that taxable  
10 income shall take into account those items which are  
11 required by Section 703(a)(1) to be separately stated  
12 but which would be taken into account by an individual  
13 in calculating his taxable income.

14 (3) Recapture of business expenses on disposition of  
15 asset or business. Notwithstanding any other law to the  
16 contrary, if in prior years income from an asset or  
17 business has been classified as business income and in a  
18 later year is demonstrated to be non-business income, then  
19 all expenses, without limitation, deducted in such later  
20 year and in the 2 immediately preceding taxable years  
21 related to that asset or business that generated the  
22 non-business income shall be added back and recaptured as  
23 business income in the year of the disposition of the asset  
24 or business. Such amount shall be apportioned to Illinois  
25 using the greater of the apportionment fraction computed  
26 for the business under Section 304 of this Act for the

1 taxable year or the average of the apportionment fractions  
2 computed for the business under Section 304 of this Act for  
3 the taxable year and for the 2 immediately preceding  
4 taxable years.

5 (f) Valuation limitation amount.

6 (1) In general. The valuation limitation amount  
7 referred to in subsections (a) (2) (G), (c) (2) (I) and  
8 (d) (2) (E) is an amount equal to:

9 (A) The sum of the pre-August 1, 1969 appreciation  
10 amounts (to the extent consisting of gain reportable  
11 under the provisions of Section 1245 or 1250 of the  
12 Internal Revenue Code) for all property in respect of  
13 which such gain was reported for the taxable year; plus

14 (B) The lesser of (i) the sum of the pre-August 1,  
15 1969 appreciation amounts (to the extent consisting of  
16 capital gain) for all property in respect of which such  
17 gain was reported for federal income tax purposes for  
18 the taxable year, or (ii) the net capital gain for the  
19 taxable year, reduced in either case by any amount of  
20 such gain included in the amount determined under  
21 subsection (a) (2) (F) or (c) (2) (H).

22 (2) Pre-August 1, 1969 appreciation amount.

23 (A) If the fair market value of property referred  
24 to in paragraph (1) was readily ascertainable on August  
25 1, 1969, the pre-August 1, 1969 appreciation amount for

1           such property is the lesser of (i) the excess of such  
2           fair market value over the taxpayer's basis (for  
3           determining gain) for such property on that date  
4           (determined under the Internal Revenue Code as in  
5           effect on that date), or (ii) the total gain realized  
6           and reportable for federal income tax purposes in  
7           respect of the sale, exchange or other disposition of  
8           such property.

9           (B) If the fair market value of property referred  
10          to in paragraph (1) was not readily ascertainable on  
11          August 1, 1969, the pre-August 1, 1969 appreciation  
12          amount for such property is that amount which bears the  
13          same ratio to the total gain reported in respect of the  
14          property for federal income tax purposes for the  
15          taxable year, as the number of full calendar months in  
16          that part of the taxpayer's holding period for the  
17          property ending July 31, 1969 bears to the number of  
18          full calendar months in the taxpayer's entire holding  
19          period for the property.

20          (C) The Department shall prescribe such  
21          regulations as may be necessary to carry out the  
22          purposes of this paragraph.

23          (g) Double deductions. Unless specifically provided  
24          otherwise, nothing in this Section shall permit the same item  
25          to be deducted more than once.

1 (h) Legislative intention. Except as expressly provided by  
2 this Section there shall be no modifications or limitations on  
3 the amounts of income, gain, loss or deduction taken into  
4 account in determining gross income, adjusted gross income or  
5 taxable income for federal income tax purposes for the taxable  
6 year, or in the amount of such items entering into the  
7 computation of base income and net income under this Act for  
8 such taxable year, whether in respect of property values as of  
9 August 1, 1969 or otherwise.

10 (Source: P.A. 95-23, eff. 8-3-07; 95-233, eff. 8-16-07; 95-286,  
11 eff. 8-20-07; 95-331, eff. 8-21-07; 95-707, eff. 1-11-08;  
12 95-876, eff. 8-21-08; 96-45, eff. 7-15-09; 96-120, eff. 8-4-09;  
13 96-198, eff. 8-10-09; 96-328, eff. 8-11-09; 96-520, eff.  
14 8-14-09; 96-835, eff. 12-16-09; 96-932, eff. 1-1-11; 96-935,  
15 eff. 6-21-10; 96-1214, eff. 7-22-10; revised 9-16-10.)

16 (35 ILCS 5/212)

17 Sec. 212. Earned income tax credit.

18 (a) With respect to the federal earned income tax credit  
19 allowed for the taxable year under Section 32 of the federal  
20 Internal Revenue Code, 26 U.S.C. 32, each individual taxpayer  
21 is entitled to a credit against the tax imposed by subsections  
22 (a) and (b) of Section 201 in an amount equal to (i) 5% of the  
23 federal tax credit for each taxable year beginning on or after  
24 January 1, 2000 and (ii) 15% of the federal tax credit for each

1 taxable year beginning on or after January 1, 2011.

2 For a non-resident or part-year resident, the amount of the  
3 credit under this Section shall be in proportion to the amount  
4 of income attributable to this State.

5 (b) For taxable years beginning before January 1, 2003, in  
6 no event shall a credit under this Section reduce the  
7 taxpayer's liability to less than zero. For each taxable year  
8 beginning on or after January 1, 2003, if the amount of the  
9 credit exceeds the income tax liability for the applicable tax  
10 year, then the excess credit shall be refunded to the taxpayer.  
11 The amount of a refund shall not be included in the taxpayer's  
12 income or resources for the purposes of determining eligibility  
13 or benefit level in any means-tested benefit program  
14 administered by a governmental entity unless required by  
15 federal law.

16 (c) This Section is exempt from the provisions of Section  
17 250.

18 (Source: P.A. 95-333, eff. 8-21-07.)

19 (35 ILCS 5/247 new)

20 Sec. 247. Family Tax Credit.

21 (a) For taxable years beginning on or after January 1, 2011,  
22 each taxpayer who is (i) a natural person filing single or is a  
23 married person filing separately that reports total annual  
24 income of \$23,539 or less (the "eligibility cap for single and  
25 married filing separately") or (ii) is a married couple filing

1 jointly or a natural person filing as head of household that  
2 reports total annual income of \$53,784 or less (the  
3 "eligibility cap for married filing jointly and head of  
4 household") is entitled to a refundable tax credit known as the  
5 "family tax credit" in those amounts identified in subsection  
6 (b) of this Section. The family tax credit may be claimed only  
7 upon proper filing of an Illinois State income tax return by  
8 the eligible taxpayer. The eligibility caps shall increase for  
9 each tax year beginning after December 31, 2011, by an amount  
10 equal to the percentage increase, if any, in the Consumer Price  
11 Index ("CPI") published by the U.S. Bureau of Labor Statistics  
12 for the immediately preceding complete calendar year,  
13 multiplied by the eligibility caps for that immediately  
14 preceding tax year.

15 (b) The amount of the credit shall be calculated as  
16 follows.

17 (1) Single taxpayers with an adjusted gross income of  
18 less than \$17,136 are entitled to a credit of \$45 per  
19 dependent.

20 (2) Single taxpayers with an adjusted gross income of  
21 \$17,136 or more but less than \$19,419 are entitled to a  
22 credit of \$60 per dependent.

23 (3) Single taxpayers with an adjusted gross income of  
24 \$19,419 or more but less than \$19,420 are entitled to a  
25 credit of \$120 per dependent.

26 (4) Single taxpayers with an adjusted gross income of

1       \$19,420 or more but less than \$21,705 are entitled to a  
2       credit of \$180 per dependent.

3       (5) Single taxpayers with an adjusted gross income of  
4       \$21,705 or more but less than \$26,847 are entitled to a  
5       credit of \$240 per dependent.

6       (6) Married taxpayers filing separately with an  
7       adjusted gross income of less than \$11,424 are entitled to  
8       a credit of \$45 per dependent.

9       (7) Married taxpayers filing separately with an  
10       adjusted gross income of \$11,424 or more but less than  
11       \$14,280 are entitled to a credit of \$60 per dependent.

12       (8) Married taxpayers filing separately with an  
13       adjusted gross income of \$14,280 or more but less than  
14       \$17,136 are entitled to a credit of \$120 per dependent.

15       (9) Married taxpayers filing separately with an  
16       adjusted gross income of \$17,136 or more but less than  
17       \$20,563 are entitled to a credit of \$180 per dependent.

18       (10) Married taxpayers filing separately with an  
19       adjusted gross income of \$20,563 or more but less than  
20       \$26,847 are entitled to a credit of \$240 per dependent.

21       (11) Married taxpayers filing jointly with an adjusted  
22       gross income of less than \$22,848 are entitled to a credit  
23       of \$45 per dependent.

24       (12) Married taxpayers filing jointly with an adjusted  
25       gross income of \$22,848 or more but less than \$28,560 are  
26       entitled to a credit of \$60 per dependent.

1           (13) Married taxpayers filing jointly with an adjusted  
2           gross income of \$28,560 or more but less than \$34,272 are  
3           entitled to a credit of \$120 per dependent.

4           (14) Married taxpayers filing jointly with an adjusted  
5           gross income of \$37,272 or more but less than \$41,126 are  
6           entitled to a credit of \$180 per dependent.

7           (15) Married taxpayers filing jointly with an adjusted  
8           gross income of \$41,126 or more but less than \$53,694 are  
9           entitled to a credit of \$240 per dependent.

10           (16) Taxpayers filing as head of household with an  
11           adjusted gross income of less than \$22,848 are entitled to  
12           a credit of \$45 per dependent.

13           (17) Taxpayers filing as head of household with an  
14           adjusted gross income of \$22,848 or more but less than  
15           \$28,560 are entitled to a credit of \$60 per dependent.

16           (18) Taxpayers filing as head of household with an  
17           adjusted gross income of \$28,560 or more but less than  
18           \$34,272 are entitled to a credit of \$120 per dependent.

19           (19) Taxpayers filing as head of household with an  
20           adjusted gross income of \$34,272 or more but less than  
21           \$41,126 are entitled to a credit of \$180 per dependent.

22           (20) Taxpayers filing as head of household with an  
23           adjusted gross income of \$41,126 or more but less than  
24           \$53,694 are entitled to a credit of \$240 per dependent.

25           (c) The dollar range of adjusted gross income identified in  
26           subsection (b) and the credit-per-dependent amounts associated

1 therewith, shall each increase in each tax year beginning after  
2 December 31, 2011, by an amount equal to the applicable  
3 percentage increase, if any, in the CPI for the immediately  
4 preceding complete calendar year multiplied by the applicable  
5 adjusted gross income range amounts and the credit per  
6 dependent amounts associated therewith. The Department of  
7 Revenue shall update the adjusted gross income range amounts  
8 and associated credit amounts for the family tax credit  
9 annually and distribute the updated table with the Illinois  
10 individual income tax returns.

11 (d) If the amount of the credit exceeds the income tax  
12 liability of an eligible taxpayer, the State shall refund to  
13 the taxpayer the difference between the credit and such  
14 eligible taxpayer's income tax liability.

15 (e) This Section is exempt from the provisions of Section  
16 250 of this Act.

17 Section 15. The Retailers' Occupation Tax Act is amended by  
18 changing Section 1 and 2 as follows:

19 (35 ILCS 120/1) (from Ch. 120, par. 440)

20 Sec. 1. Definitions. "Sale at retail" means any transfer of  
21 the ownership of or title to tangible personal property to a  
22 purchaser, for the purpose of use or consumption, and not for  
23 the purpose of resale in any form as tangible personal property  
24 to the extent not first subjected to a use for which it was

1 purchased, for a valuable consideration: Provided that the  
2 property purchased is deemed to be purchased for the purpose of  
3 resale, despite first being used, to the extent to which it is  
4 resold as an ingredient of an intentionally produced product or  
5 byproduct of manufacturing. For this purpose, slag produced as  
6 an incident to manufacturing pig iron or steel and sold is  
7 considered to be an intentionally produced byproduct of  
8 manufacturing. Transactions whereby the possession of the  
9 property is transferred but the seller retains the title as  
10 security for payment of the selling price shall be deemed to be  
11 sales.

12 "Sale at retail" shall be construed to include any transfer  
13 of the ownership of or title to tangible personal property to a  
14 purchaser, for use or consumption by any other person to whom  
15 such purchaser may transfer the tangible personal property  
16 without a valuable consideration, and to include any transfer,  
17 whether made for or without a valuable consideration, for  
18 resale in any form as tangible personal property unless made in  
19 compliance with Section 2c of this Act.

20 Sales of tangible personal property, which property, to the  
21 extent not first subjected to a use for which it was purchased,  
22 as an ingredient or constituent, goes into and forms a part of  
23 tangible personal property subsequently the subject of a "Sale  
24 at retail", are not sales at retail as defined in this Act:  
25 Provided that the property purchased is deemed to be purchased  
26 for the purpose of resale, despite first being used, to the

1 extent to which it is resold as an ingredient of an  
2 intentionally produced product or byproduct of manufacturing.

3 "Sale at retail" shall be construed to include any Illinois  
4 florist's sales transaction in which the purchase order is  
5 received in Illinois by a florist and the sale is for use or  
6 consumption, but the Illinois florist has a florist in another  
7 state deliver the property to the purchaser or the purchaser's  
8 donee in such other state.

9 "Sale at retail" includes selling or providing any of the  
10 following services, as enumerated in the North American  
11 Industry Classification System Manual (NAICS), 1997, prepared  
12 by the United States Office of Management and Budget:

13 (1) Specialized good warehousing and storage  
14 (4931902).

15 (2) Household goods warehousing and storage (4931901).

16 (3) Marinas (7131901).

17 (4) Travel arrangement reservation services (5615).

18 (5) Consumer electronics repair and maintenance  
19 (811211).

20 (6) Personal and household goods.

21 (7) Carpet and upholstery cleaning services (56174).

22 (8) Dating services (8129902).

23 (9) Hair, nail, and skin care (81211).

24 (10) Other personal services other than hair, nail,  
25 facial, or nonpermanent makeup services (81219).

26 (11) Dry cleaning and laundry, except coin-operated

- 1           (81232).
- 2           (12) Consumer goods rental (5322).
- 3           (13) General goods rental (5323).
- 4           (14) Diet and weight reducing services (812191).
- 5           (15) Investigation services (561611).
- 6           (16) Bail bonding (8129901).
- 7           (17) Telephone answering services (561421).
- 8           (18) Photographic studios, portrait (541921).
- 9           (19) Linen supply (812331).
- 10          (20) Industrial launderers (812332).
- 11          (21) Interior design services (54141).
- 12          (22) Computer systems design and related services
- 13          (5415).
- 14          (23) Credit bureaus (56145).
- 15          (24) Collection agencies (56144).
- 16          (25) Other business services, including copy shops
- 17          (561439).
- 18          (26) Automotive repair and maintenance (8111).
- 19          (27) Parking lots and garages (81293).
- 20          (28) Motor vehicle towing (48841).
- 21          (29) Racetracks (711212).
- 22          (30) Amusement parks and arcades (7131).
- 23          (31) Bowling centers (71395).
- 24          (32) Cable and other program distribution (51322).
- 25          (33) Circuses (7111901).
- 26          (34) Coin operated amusement devices, except slots

1           (7139905).

2           (35) Golf courses and country clubs (71391).

3           (36) Fitness and recreational sports centers (711211).

4           (37) Sports teams and clubs (711211).

5           (38) Performing arts companies (7111).

6           (39) Miniature golf courses (7139904).

7           (40) Scenic and sightseeing transportation (487).

8           (41) Limousine services (48532).

9           (42)        Unscheduled        chartered        passenger        air  
10          transportation (481211).

11          (43) Motion picture theaters, except drive-in theaters  
12          (512131).

13          (44) Drive-in motion picture theaters (512132).

14           Nonreusable tangible personal property that is used by  
15           persons engaged in the business of operating a restaurant,  
16           cafeteria, or drive-in is a sale for resale when it is  
17           transferred to customers in the ordinary course of business as  
18           part of the sale of food or beverages and is used to deliver,  
19           package, or consume food or beverages, regardless of where  
20           consumption of the food or beverages occurs. Examples of those  
21           items include, but are not limited to nonreusable, paper and  
22           plastic cups, plates, baskets, boxes, sleeves, buckets or other  
23           containers, utensils, straws, placemats, napkins, doggie bags,  
24           and wrapping or packaging materials that are transferred to  
25           customers as part of the sale of food or beverages in the  
26           ordinary course of business.

1           The purchase, employment and transfer of such tangible  
2 personal property as newsprint and ink for the primary purpose  
3 of conveying news (with or without other information) is not a  
4 purchase, use or sale of tangible personal property.

5           A person whose activities are organized and conducted  
6 primarily as a not-for-profit service enterprise, and who  
7 engages in selling tangible personal property at retail  
8 (whether to the public or merely to members and their guests)  
9 is engaged in the business of selling tangible personal  
10 property at retail with respect to such transactions, excepting  
11 only a person organized and operated exclusively for  
12 charitable, religious or educational purposes either (1), to  
13 the extent of sales by such person to its members, students,  
14 patients or inmates of tangible personal property to be used  
15 primarily for the purposes of such person, or (2), to the  
16 extent of sales by such person of tangible personal property  
17 which is not sold or offered for sale by persons organized for  
18 profit. The selling of school books and school supplies by  
19 schools at retail to students is not "primarily for the  
20 purposes of" the school which does such selling. The provisions  
21 of this paragraph shall not apply to nor subject to taxation  
22 occasional dinners, socials or similar activities of a person  
23 organized and operated exclusively for charitable, religious  
24 or educational purposes, whether or not such activities are  
25 open to the public.

26           A person who is the recipient of a grant or contract under

1 Title VII of the Older Americans Act of 1965 (P.L. 92-258) and  
2 serves meals to participants in the federal Nutrition Program  
3 for the Elderly in return for contributions established in  
4 amount by the individual participant pursuant to a schedule of  
5 suggested fees as provided for in the federal Act is not  
6 engaged in the business of selling tangible personal property  
7 at retail with respect to such transactions.

8 "Purchaser" means anyone who, through a sale at retail,  
9 acquires the ownership of or title to tangible personal  
10 property for a valuable consideration.

11 "Reseller of motor fuel" means any person engaged in the  
12 business of selling or delivering or transferring title of  
13 motor fuel to another person other than for use or consumption.  
14 No person shall act as a reseller of motor fuel within this  
15 State without first being registered as a reseller pursuant to  
16 Section 2c or a retailer pursuant to Section 2a.

17 "Selling price" or the "amount of sale" means the  
18 consideration for a sale valued in money whether received in  
19 money or otherwise, including cash, credits, property, other  
20 than as hereinafter provided, and services, but not including  
21 the value of or credit given for traded-in tangible personal  
22 property where the item that is traded-in is of like kind and  
23 character as that which is being sold, and shall be determined  
24 without any deduction on account of the cost of the property  
25 sold, the cost of materials used, labor or service cost or any  
26 other expense whatsoever, but does not include charges that are

1 added to prices by sellers on account of the seller's tax  
2 liability under this Act, or on account of the seller's duty to  
3 collect, from the purchaser, the tax that is imposed by the Use  
4 Tax Act, or, except as otherwise provided with respect to any  
5 cigarette tax imposed by a home rule unit, on account of the  
6 seller's tax liability under any local occupation tax  
7 administered by the Department, or, except as otherwise  
8 provided with respect to any cigarette tax imposed by a home  
9 rule unit on account of the seller's duty to collect, from the  
10 purchasers, the tax that is imposed under any local use tax  
11 administered by the Department. Effective December 1, 1985,  
12 "selling price" shall include charges that are added to prices  
13 by sellers on account of the seller's tax liability under the  
14 Cigarette Tax Act, on account of the sellers' duty to collect,  
15 from the purchaser, the tax imposed under the Cigarette Use Tax  
16 Act, and on account of the seller's duty to collect, from the  
17 purchaser, any cigarette tax imposed by a home rule unit.

18 The phrase "like kind and character" shall be liberally  
19 construed (including but not limited to any form of motor  
20 vehicle for any form of motor vehicle, or any kind of farm or  
21 agricultural implement for any other kind of farm or  
22 agricultural implement), while not including a kind of item  
23 which, if sold at retail by that retailer, would be exempt from  
24 retailers' occupation tax and use tax as an isolated or  
25 occasional sale.

26 "Gross receipts" from the sales of tangible personal

1 property at retail means the total selling price or the amount  
2 of such sales, as hereinbefore defined. In the case of charge  
3 and time sales, the amount thereof shall be included only as  
4 and when payments are received by the seller. Receipts or other  
5 consideration derived by a seller from the sale, transfer or  
6 assignment of accounts receivable to a wholly owned subsidiary  
7 will not be deemed payments prior to the time the purchaser  
8 makes payment on such accounts.

9 "Department" means the Department of Revenue.

10 "Person" means any natural individual, firm, partnership,  
11 association, joint stock company, joint adventure, public or  
12 private corporation, limited liability company, or a receiver,  
13 executor, trustee, guardian or other representative appointed  
14 by order of any court.

15 The isolated or occasional sale of tangible personal  
16 property at retail by a person who does not hold himself out as  
17 being engaged (or who does not habitually engage) in selling  
18 such tangible personal property at retail, or a sale through a  
19 bulk vending machine, does not constitute engaging in a  
20 business of selling such tangible personal property at retail  
21 within the meaning of this Act; provided that any person who is  
22 engaged in a business which is not subject to the tax imposed  
23 by this Act because of involving the sale of or a contract to  
24 sell real estate or a construction contract to improve real  
25 estate or a construction contract to engineer, install, and  
26 maintain an integrated system of products, but who, in the

1 course of conducting such business, transfers tangible  
2 personal property to users or consumers in the finished form in  
3 which it was purchased, and which does not become real estate  
4 or was not engineered and installed, under any provision of a  
5 construction contract or real estate sale or real estate sales  
6 agreement entered into with some other person arising out of or  
7 because of such nontaxable business, is engaged in the business  
8 of selling tangible personal property at retail to the extent  
9 of the value of the tangible personal property so transferred.  
10 If, in such a transaction, a separate charge is made for the  
11 tangible personal property so transferred, the value of such  
12 property, for the purpose of this Act, shall be the amount so  
13 separately charged, but not less than the cost of such property  
14 to the transferor; if no separate charge is made, the value of  
15 such property, for the purposes of this Act, is the cost to the  
16 transferor of such tangible personal property. Construction  
17 contracts for the improvement of real estate consisting of  
18 engineering, installation, and maintenance of voice, data,  
19 video, security, and all telecommunication systems do not  
20 constitute engaging in a business of selling tangible personal  
21 property at retail within the meaning of this Act if they are  
22 sold at one specified contract price.

23 A person who holds himself or herself out as being engaged  
24 (or who habitually engages) in selling tangible personal  
25 property at retail is a person engaged in the business of  
26 selling tangible personal property at retail hereunder with

1 respect to such sales (and not primarily in a service  
2 occupation) notwithstanding the fact that such person designs  
3 and produces such tangible personal property on special order  
4 for the purchaser and in such a way as to render the property  
5 of value only to such purchaser, if such tangible personal  
6 property so produced on special order serves substantially the  
7 same function as stock or standard items of tangible personal  
8 property that are sold at retail.

9 Persons who engage in the business of transferring tangible  
10 personal property upon the redemption of trading stamps are  
11 engaged in the business of selling such property at retail and  
12 shall be liable for and shall pay the tax imposed by this Act  
13 on the basis of the retail value of the property transferred  
14 upon redemption of such stamps.

15 "Bulk vending machine" means a vending machine, containing  
16 unsorted confections, nuts, toys, or other items designed  
17 primarily to be used or played with by children which, when a  
18 coin or coins of a denomination not larger than \$0.50 are  
19 inserted, are dispensed in equal portions, at random and  
20 without selection by the customer.

21 (Source: P.A. 95-723, eff. 6-23-08.)

22 (35 ILCS 120/2) (from Ch. 120, par. 441)

23 Sec. 2. Tax imposed. A tax is imposed upon persons engaged  
24 in the business of selling at retail tangible personal  
25 property, including computer software, and including

1 photographs, negatives, and positives that are the product of  
2 photoprocessing, but not including products of photoprocessing  
3 produced for use in motion pictures for public commercial  
4 exhibition. Beginning January 1, 2001, prepaid telephone  
5 calling arrangements shall be considered tangible personal  
6 property subject to the tax imposed under this Act regardless  
7 of the form in which those arrangements may be embodied,  
8 transmitted, or fixed by any method now known or hereafter  
9 developed.

10 Beginning April 1, 2011, a tax is imposed upon persons  
11 engaged in the business of selling or providing services as set  
12 forth in Section 1 of this Act.

13 (Source: P.A. 91-51, eff. 6-30-99; 91-870, eff. 6-22-00.)

14 Section 20. The School Code is amended by changing Sections  
15 1C-2, 14-13.01, and 18-8.05 and by adding Section 18-8.15 as  
16 follows:

17 (105 ILCS 5/1C-2)

18 Sec. 1C-2. Block grants.

19 (a) For fiscal year 1999, and each fiscal year thereafter,  
20 the State Board of Education shall award to school districts  
21 block grants as described in subsection (c). The State Board of  
22 Education may adopt rules and regulations necessary to  
23 implement this Section. In accordance with Section 2-3.32, all  
24 state block grants are subject to an audit. Therefore, block

1 grant receipts and block grant expenditures shall be recorded  
2 to the appropriate fund code.

3 (b) (Blank).

4 (c) An Early Childhood Education Block Grant shall be  
5 created by combining the following programs: Preschool  
6 Education, Parental Training and Prevention Initiative. These  
7 funds shall be distributed to school districts and other  
8 entities on a competitive basis. Not less than 11% of this  
9 grant shall be used to fund programs for children ages 0-3,  
10 which percentage shall increase to at least 20% by Fiscal Year  
11 2015. However, if, in a given fiscal year, the amount  
12 appropriated for the Early Childhood Education Block Grant is  
13 insufficient to increase the percentage of the grant to fund  
14 programs for children ages 0-3 without reducing the amount of  
15 the grant for existing providers of preschool education  
16 programs, then the percentage of the grant to fund programs for  
17 children ages 0-3 may be held steady instead of increased.

18 (d) The Early Childhood Fund is created as a special fund  
19 in the State treasury. All interest earned on moneys in the  
20 Fund shall be deposited into the Fund. The Early Childhood Fund  
21 shall not be subject to sweeps, administrative charges or  
22 charge-backs, including but not limited to those authorized  
23 under Section 8h of the State Finance Act, nor any other fiscal  
24 or budgetary maneuver that would in any way transfer any funds  
25 from the Early Childhood Fund into any other fund of the State.  
26 The Fund shall be used to support the Illinois Early Learning

1 Standards and their use in early childhood programs, and for  
2 programs that focus on children from birth to 8 years old,  
3 early intervention for at-risk students, pre-Kindergarten  
4 programs, early literacy, and partnerships among schools,  
5 communities and service providers. No later than October 1,  
6 2015, the State Comptroller and State Treasurer shall transfer  
7 from the General Revenue Fund to the Early Childhood Fund at  
8 least \$400,000,000 for the 2015-2016 school year. By October 1  
9 of each year thereafter, the State Comptroller and State  
10 Treasurer shall transfer from the General Revenue Fund to the  
11 Early Childhood Fund an amount equal to the amount transferred  
12 in the previous calendar year, increased annually by the Bureau  
13 of Labor Statistics, Employment Cost Index for Elementary and  
14 Secondary Schools for the last complete calendar year.

15 (Source: P.A. 95-793, eff. 1-1-09; 96-423, eff. 8-13-09.)

16 (105 ILCS 5/14-13.01) (from Ch. 122, par. 14-13.01)

17 Sec. 14-13.01. Reimbursement payable by State; amounts for  
18 personnel and transportation.

19 (a) Except as otherwise provided in this Section, for ~~For~~  
20 staff working on behalf of children who have not been  
21 identified as eligible for special education and for eligible  
22 children with physical disabilities, including all eligible  
23 children whose placement has been determined under Section  
24 14-8.02 in hospital or home instruction, 1/2 of the teacher's  
25 salary but not more than \$1,000 annually per child or \$9,000

1 per teacher, whichever is less. To qualify for home or hospital  
2 instruction, a child must, due to a medical condition, be  
3 unable to attend school, and instead must be instructed at home  
4 or in the hospital, for a period of 2 or more consecutive weeks  
5 or on an ongoing intermittent basis. In order to establish  
6 eligibility for home or hospital services, a student's parent  
7 or guardian must submit to the child's school district of  
8 residence a written statement from a physician licensed to  
9 practice medicine in all of its branches stating the existence  
10 of such medical condition, the impact on the child's ability to  
11 participate in education, and the anticipated duration or  
12 nature of the child's absence from school. Eligible children to  
13 be included in any reimbursement under this paragraph must  
14 regularly receive a minimum of one hour of instruction each  
15 school day, or in lieu thereof of a minimum of 5 hours of  
16 instruction in each school week in order to qualify for full  
17 reimbursement under this Section. If the attending physician  
18 for such a child has certified that the child should not  
19 receive as many as 5 hours of instruction in a school week,  
20 however, reimbursement under this paragraph on account of that  
21 child shall be computed proportionate to the actual hours of  
22 instruction per week for that child divided by 5. The State  
23 Board of Education shall establish rules governing the required  
24 qualifications of staff providing home or hospital  
25 instruction.

26 (b) For children described in Section 14-1.02, 80% of the

1 cost of transportation approved as a related service in the  
2 Individualized Education Program for each student in order to  
3 take advantage of special educational facilities.  
4 Transportation costs shall be determined in the same fashion as  
5 provided in Section 29-5. For purposes of this subsection (b),  
6 the dates for processing claims specified in Section 29-5 shall  
7 apply.

8 (c) For each qualified worker, the annual sum of \$9,000.

9 (d) For one full time qualified director of the special  
10 education program of each school district which maintains a  
11 fully approved program of special education the annual sum of  
12 \$9,000. Districts participating in a joint agreement special  
13 education program shall not receive such reimbursement if  
14 reimbursement is made for a director of the joint agreement  
15 program.

16 (e) (Blank).

17 (f) (Blank).

18 (g) For readers, working with blind or partially seeing  
19 children 1/2 of their salary but not more than \$400 annually  
20 per child. Readers may be employed to assist such children and  
21 shall not be required to be certified but prior to employment  
22 shall meet standards set up by the State Board of Education.

23 (h) For non-certified employees, as defined by rules  
24 promulgated by the State Board of Education, who deliver  
25 services to students with IEPs, 1/2 of the salary paid or  
26 \$3,500 per employee, whichever is less.

1       (i) For children who have not been identified as eligible  
2 for special education and for eligible children with physical  
3 disabilities, including all eligible children whose placement  
4 has been determined under Section 14-8.02 in hospital or home  
5 instruction, for the 2013-2014 school year and thereafter, the  
6 State shall reimburse each school district for the estimated  
7 cost of 1/2 of the applicable teacher's salary subject to the  
8 minimums identified in this subsection as follows: at least (1)  
9 \$9,000 per teacher for the 2013-2014 school year; (2) at least  
10 \$11,691 per teacher for the 2014-2015 school year; (3) at least  
11 \$12,588 per teacher for the 2015 - 2016 school year; (4) at  
12 least \$14,382 per teacher for the 2016-2017 school year; and  
13 (5) at least \$19,765 per teacher for the 2017 - 2018 school  
14 year. Thereafter, the reimbursement per teacher shall increase  
15 annually by the Bureau of Labor Statistics, Employment Cost  
16 Index for Elementary and Secondary Schools for the previous  
17 calendar year. Children to be included in any reimbursement  
18 under this paragraph must regularly receive a minimum of one  
19 hour of instruction each school day, or in lieu thereof of a  
20 minimum of 5 hours of instruction in each school week in order  
21 to qualify for full reimbursement under this Section. If the  
22 attending physician for such a child has certified that the  
23 child should not receive as many as 5 hours of instruction in a  
24 school week, however, reimbursement under this paragraph on  
25 account of that child shall be computed proportionate to the  
26 actual hours of instruction per week for that child divided by

1 5.

2 (j) For one full time qualified director of the special  
3 education program of each school district which maintains a  
4 fully approved program of special education, for the 2013-2014  
5 school year and thereafter, the State shall reimburse each  
6 school district for the estimated cost applicable for the  
7 salary of one full time qualified director of the special  
8 education program subject to the limits identified in this  
9 subsection as follows: at least (1) \$9,000 per director for the  
10 2013-2014 school year; (2) at least \$11,691 per director for  
11 the 2014-2015 school year; (3) at least \$12,588 per director  
12 for the 2015-2016 school year; (4) at least \$14,382 per  
13 director for the 2016-2017 school year; and (5) at least  
14 \$19,765 per director for the 2017-2018 school year. Thereafter,  
15 the reimbursement per teacher shall increase annually by the  
16 Bureau of Labor Statistics, Employment Cost Index for  
17 Elementary and Secondary Schools for the previous calendar  
18 year. Districts participating in a joint agreement special  
19 education program shall not receive such reimbursement if  
20 reimbursement is made for a director of the joint agreement  
21 program.

22 (k) For each school psychologist as defined in Section  
23 14-1.09, for the 2013-2014 school year and thereafter, the  
24 State shall reimburse each school district for the estimated  
25 cost applicable for the salary of each school psychologist  
26 subject to the limits identified in this subsection as follows:

1 at least (1) \$9,000 per psychologist for the 2013-2014 school  
2 year; (2) at least \$11,691 per psychologist for the 2014-2015  
3 school year; (3) at least \$12,588 per psychologist for the  
4 2015-2016 school year; (4) at least \$14,382 per psychologist  
5 for the 2016-2017 school year; and (5) at least \$19,765 per  
6 psychologist for the 2017-2018 school year. Thereafter, the  
7 reimbursement per teacher shall increase annually by the Bureau  
8 of Labor Statistics, Employment Cost Index for Elementary and  
9 Secondary Schools for the previous calendar year.

10 (l) For each qualified teacher working in a fully approved  
11 program for children of preschool age who are deaf or hard of  
12 hearing, for the 2013-2014 school year and thereafter, the  
13 State shall reimburse each school district for the estimated  
14 cost applicable for the salary of each qualified teacher  
15 subject to the limits identified in this subsection as follows:  
16 At least (1) \$9,000 per teacher for the 2013-2014 school year;  
17 (2) at least \$11,691 per teacher for the 2014-2015 school year;  
18 (3) at least \$12,588 per teacher for the 2015-2016 school year,  
19 (4) at least \$14,382 per teacher for the 2016-2017 school year;  
20 and (5) at least \$19,765 per teacher for the 2017-2018 school  
21 year. Thereafter, the reimbursement per teacher shall increase  
22 annually by the Bureau of Labor Statistics, Employment Cost  
23 Index for Elementary and Secondary Schools for the previous  
24 calendar year.

25 (m) For necessary non-certified employees working in any  
26 class or program for children defined in this Article, 1/2 of

1 the salary paid or \$3,500 annually per employee whichever is  
2 less, for the 2010-2011 school year, at least (1) \$4,354 per  
3 employee for the 2013-2014 school year, (2) at least \$4,639 per  
4 employee for the 2014-2015 school year, (3) at least \$5,209 per  
5 employee for the 2015-2016 school year, (4) at least \$6,918 per  
6 employee for the 2016-2017 school year. Thereafter, the  
7 reimbursement per teacher shall increase annually by the Bureau  
8 of Labor Statistics, Employment Cost Index for Elementary and  
9 Secondary Schools for the previous calendar year.

10 The State Board of Education shall set standards and  
11 prescribe rules for determining the allocation of  
12 reimbursement under this section on less than a full time basis  
13 and for less than a school year.

14 When any school district eligible for reimbursement under  
15 this Section operates a school or program approved by the State  
16 Superintendent of Education for a number of days in excess of  
17 the adopted school calendar but not to exceed 235 school days,  
18 such reimbursement shall be increased by 1/180 of the amount or  
19 rate paid hereunder for each day such school is operated in  
20 excess of 180 days per calendar year.

21 Notwithstanding any other provision of law, any school  
22 district receiving a payment under this Section or under  
23 Section 14-7.02, 14-7.02b, or 29-5 of this Code may classify  
24 all or a portion of the funds that it receives in a particular  
25 fiscal year or from general State aid pursuant to Section  
26 18-8.05 of this Code as funds received in connection with any

1 funding program for which it is entitled to receive funds from  
2 the State in that fiscal year (including, without limitation,  
3 any funding program referenced in this Section), regardless of  
4 the source or timing of the receipt. The district may not  
5 classify more funds as funds received in connection with the  
6 funding program than the district is entitled to receive in  
7 that fiscal year for that program. Any classification by a  
8 district must be made by a resolution of its board of  
9 education. The resolution must identify the amount of any  
10 payments or general State aid to be classified under this  
11 paragraph and must specify the funding program to which the  
12 funds are to be treated as received in connection therewith.  
13 This resolution is controlling as to the classification of  
14 funds referenced therein. A certified copy of the resolution  
15 must be sent to the State Superintendent of Education. The  
16 resolution shall still take effect even though a copy of the  
17 resolution has not been sent to the State Superintendent of  
18 Education in a timely manner. No classification under this  
19 paragraph by a district shall affect the total amount or timing  
20 of money the district is entitled to receive under this Code.  
21 No classification under this paragraph by a district shall in  
22 any way relieve the district from or affect any requirements  
23 that otherwise would apply with respect to that funding  
24 program, including any accounting of funds by source, reporting  
25 expenditures by original source and purpose, reporting  
26 requirements, or requirements of providing services.

1 (Source: P.A. 95-415, eff. 8-24-07; 95-707, eff. 1-11-08;  
2 96-257, eff. 8-11-09.)

3 (105 ILCS 5/18-8.05)

4 Sec. 18-8.05. Basis for apportionment of general State  
5 financial aid and supplemental general State aid to the common  
6 schools for the 1998-1999 and subsequent school years.

7 (A) General Provisions.

8 (1) The provisions of this Section apply to the 1998-1999  
9 and subsequent school years. The system of general State  
10 financial aid provided for in this Section is designed to  
11 assure that, through a combination of State financial aid and  
12 required local resources, the financial support provided each  
13 pupil in Average Daily Attendance equals or exceeds a  
14 prescribed per pupil Foundation Level. This formula approach  
15 imputes a level of per pupil Available Local Resources and  
16 provides for the basis to calculate a per pupil level of  
17 general State financial aid that, when added to Available Local  
18 Resources, equals or exceeds the Foundation Level. The amount  
19 of per pupil general State financial aid for school districts,  
20 in general, varies in inverse relation to Available Local  
21 Resources. Per pupil amounts are based upon each school  
22 district's Average Daily Attendance as that term is defined in  
23 this Section.

24 (2) In addition to general State financial aid, school

1 districts with specified levels or concentrations of pupils  
2 from low income households are eligible to receive supplemental  
3 general State financial aid grants as provided pursuant to  
4 subsection (H). The supplemental State aid grants provided for  
5 school districts under subsection (H) shall be appropriated for  
6 distribution to school districts as part of the same line item  
7 in which the general State financial aid of school districts is  
8 appropriated under this Section.

9 (3) To receive financial assistance under this Section,  
10 school districts are required to file claims with the State  
11 Board of Education, subject to the following requirements:

12 (a) Any school district which fails for any given  
13 school year to maintain school as required by law, or to  
14 maintain a recognized school is not eligible to file for  
15 such school year any claim upon the Common School Fund. In  
16 case of nonrecognition of one or more attendance centers in  
17 a school district otherwise operating recognized schools,  
18 the claim of the district shall be reduced in the  
19 proportion which the Average Daily Attendance in the  
20 attendance center or centers bear to the Average Daily  
21 Attendance in the school district. A "recognized school"  
22 means any public school which meets the standards as  
23 established for recognition by the State Board of  
24 Education. A school district or attendance center not  
25 having recognition status at the end of a school term is  
26 entitled to receive State aid payments due upon a legal

1 claim which was filed while it was recognized.

2 (b) School district claims filed under this Section are  
3 subject to Sections 18-9 and 18-12, except as otherwise  
4 provided in this Section.

5 (c) If a school district operates a full year school  
6 under Section 10-19.1, the general State aid to the school  
7 district shall be determined by the State Board of  
8 Education in accordance with this Section as near as may be  
9 applicable.

10 (d) (Blank).

11 (4) Except as provided in subsections (H) and (L), the  
12 board of any district receiving any of the grants provided for  
13 in this Section may apply those funds to any fund so received  
14 for which that board is authorized to make expenditures by law.

15 School districts are not required to exert a minimum  
16 Operating Tax Rate in order to qualify for assistance under  
17 this Section.

18 (5) As used in this Section the following terms, when  
19 capitalized, shall have the meaning ascribed herein:

20 (a) "Average Daily Attendance": A count of pupil  
21 attendance in school, averaged as provided for in  
22 subsection (C) and utilized in deriving per pupil financial  
23 support levels.

24 (b) "Available Local Resources": A computation of  
25 local financial support, calculated on the basis of Average  
26 Daily Attendance and derived as provided pursuant to

1 subsection (D).

2 (c) "Corporate Personal Property Replacement Taxes":  
3 Funds paid to local school districts pursuant to "An Act in  
4 relation to the abolition of ad valorem personal property  
5 tax and the replacement of revenues lost thereby, and  
6 amending and repealing certain Acts and parts of Acts in  
7 connection therewith", certified August 14, 1979, as  
8 amended (Public Act 81-1st S.S.-1).

9 (c-5) "ECI" means the Employment Cost Index as  
10 published by the U.S. Bureau of Labor Statistics.

11 (d) "Foundation Level": A prescribed level of per pupil  
12 financial support as provided for in subsection (B).

13 (e) "Operating Tax Rate": All school district property  
14 taxes extended for all purposes, except Bond and Interest,  
15 Summer School, Rent, Capital Improvement, and Vocational  
16 Education Building purposes.

17 (B) Foundation Level.

18 (1) The Foundation Level is a figure established by the  
19 State representing the minimum level of per pupil financial  
20 support that should be available to provide for the basic  
21 education of each pupil in Average Daily Attendance. As set  
22 forth in this Section, each school district is assumed to exert  
23 a sufficient local taxing effort such that, in combination with  
24 the aggregate of general State financial aid provided the  
25 district, an aggregate of State and local resources are

1 available to meet the basic education needs of pupils in the  
2 district.

3 (2) For the 1998-1999 school year, the Foundation Level of  
4 support is \$4,225. For the 1999-2000 school year, the  
5 Foundation Level of support is \$4,325. For the 2000-2001 school  
6 year, the Foundation Level of support is \$4,425. For the  
7 2001-2002 school year and 2002-2003 school year, the Foundation  
8 Level of support is \$4,560. For the 2003-2004 school year, the  
9 Foundation Level of support is \$4,810. For the 2004-2005 school  
10 year, the Foundation Level of support is \$4,964. For the  
11 2005-2006 school year, the Foundation Level of support is  
12 \$5,164. For the 2006-2007 school year, the Foundation Level of  
13 support is \$5,334. For the 2007-2008 school year, the  
14 Foundation Level of support is \$5,734. For the 2008-2009 school  
15 year, the Foundation Level of support is \$5,959.

16 (3) For the 2009-2010 school year ~~and each school year~~  
17 ~~thereafter~~, the Foundation Level of support is \$6,119 or such  
18 greater amount as may be established by law by the General  
19 Assembly. For each school year thereafter, the Foundation Level  
20 of support shall be equal to the Foundation Level of support  
21 for the immediately preceding school year, increased by the  
22 percentage increase, if any, in the ECI greater amount as may  
23 be established by law by the General Assembly.

24 (4) It is the intention of the General Assembly that the  
25 Foundation Level of support be increased to the Education  
26 Funding Advisory Board's recommendation of \$7,288 per pupil for

1 the 2009-2010 school year, as fully inflation adjusted using  
2 the ECI to the 2016-2017 school year total of \$8,944 (the  
3 "Enhanced Funding Amount"), and that the Foundation Level of  
4 support be reached over a 4-year phase-in period, adjusting for  
5 inflation as aforesaid, annually during the phase-in  
6 commencing in school year 2013-2014 as provided in this  
7 Section, to allow for thoughtful planning on the use of such  
8 funding to best enhance education, and to comport with the  
9 2-year deficit reduction period referenced in Section 50-30 of  
10 the State Budget Law of the Civil Administrative Code of  
11 Illinois. Therefore, (i) for the 2011-2012 school year, the  
12 Foundation Level of support will be the sum of the Foundation  
13 Level of support in the 2010-2011 school year, plus the ECI  
14 multiplied by that amount and (ii) for the 2012-2013 school  
15 year, the Foundation Level of support shall be the sum of the  
16 amount obtained for the 2011-2012 school year under this  
17 sentence, plus the ECI multiplied by that amount. In the  
18 2013-2014 school year, the phase-in of the Enhanced Funding  
19 Amount shall begin as follows: (i) in the 2013-2014 school  
20 year, the Foundation Level of support shall be the sum of (A)  
21 the Foundation Level of support for the 2012-2013 school year  
22 plus (B) 1/4 of the difference between the Foundation Level of  
23 support in the 2012-2013 school year and the Enhanced Funding  
24 Amount with that difference being referred to as the  
25 "Incremental Foundation Level Increase"; (ii) in the 2014-2015  
26 school year, the Foundation Level of support shall be equal to

1 the sum of the Foundation Level of support in the 2013-2014  
2 school year, plus the Incremental Foundation Level Increase;  
3 (iii) in the 2015-2016 school year, the Foundation Level of  
4 support shall be the sum of the Foundation Level of support in  
5 the 2014-2015 school year plus the Incremental Foundation Level  
6 Increase; and (iv) in the 2016-2017 school year, the Foundation  
7 Level of support shall be the sum of the Foundation Level of  
8 support in the 2015-2016 school year, plus the Incremental  
9 Foundation Level Increase. For each school year thereafter, the  
10 Foundation Level of support shall be equal to the Foundation  
11 Level of support for the immediately preceding school year,  
12 increased by the percentage increase, if any, in the ECI  
13 published for the immediately preceding complete calendar  
14 year, or such greater amount as may be established by law by  
15 the General Assembly.

16 (C) Average Daily Attendance.

17 (1) For purposes of calculating general State aid pursuant  
18 to subsection (E), an Average Daily Attendance figure shall be  
19 utilized. The Average Daily Attendance figure for formula  
20 calculation purposes shall be the monthly average of the actual  
21 number of pupils in attendance of each school district, as  
22 further averaged for the best 3 months of pupil attendance for  
23 each school district. In compiling the figures for the number  
24 of pupils in attendance, school districts and the State Board  
25 of Education shall, for purposes of general State aid funding,

1 conform attendance figures to the requirements of subsection  
2 (F).

3 (2) The Average Daily Attendance figures utilized in  
4 subsection (E) shall be the requisite attendance data for the  
5 school year immediately preceding the school year for which  
6 general State aid is being calculated or the average of the  
7 attendance data for the 3 preceding school years, whichever is  
8 greater. The Average Daily Attendance figures utilized in  
9 subsection (H) shall be the requisite attendance data for the  
10 school year immediately preceding the school year for which  
11 general State aid is being calculated.

12 (D) Available Local Resources.

13 (1) For purposes of calculating general State aid pursuant  
14 to subsection (E), a representation of Available Local  
15 Resources per pupil, as that term is defined and determined in  
16 this subsection, shall be utilized. Available Local Resources  
17 per pupil shall include a calculated dollar amount representing  
18 local school district revenues from local property taxes and  
19 from Corporate Personal Property Replacement Taxes, expressed  
20 on the basis of pupils in Average Daily Attendance. Calculation  
21 of Available Local Resources shall exclude any tax amnesty  
22 funds received as a result of Public Act 93-26.

23 (2) In determining a school district's revenue from local  
24 property taxes, the State Board of Education shall utilize the  
25 equalized assessed valuation of all taxable property of each

1 school district as of September 30 of the previous year. The  
2 equalized assessed valuation utilized shall be obtained and  
3 determined as provided in subsection (G).

4 (3) For school districts maintaining grades kindergarten  
5 through 12, local property tax revenues per pupil shall be  
6 calculated as the product of the applicable equalized assessed  
7 valuation for the district multiplied by 3.00%, and divided by  
8 the district's Average Daily Attendance figure. For school  
9 districts maintaining grades kindergarten through 8, local  
10 property tax revenues per pupil shall be calculated as the  
11 product of the applicable equalized assessed valuation for the  
12 district multiplied by 2.30%, and divided by the district's  
13 Average Daily Attendance figure. For school districts  
14 maintaining grades 9 through 12, local property tax revenues  
15 per pupil shall be the applicable equalized assessed valuation  
16 of the district multiplied by 1.05%, and divided by the  
17 district's Average Daily Attendance figure.

18 For partial elementary unit districts created pursuant to  
19 Article 11E of this Code, local property tax revenues per pupil  
20 shall be calculated as the product of the equalized assessed  
21 valuation for property within the partial elementary unit  
22 district for elementary purposes, as defined in Article 11E of  
23 this Code, multiplied by 2.06% and divided by the district's  
24 Average Daily Attendance figure, plus the product of the  
25 equalized assessed valuation for property within the partial  
26 elementary unit district for high school purposes, as defined

1 in Article 11E of this Code, multiplied by 0.94% and divided by  
2 the district's Average Daily Attendance figure.

3 (4) The Corporate Personal Property Replacement Taxes paid  
4 to each school district during the calendar year one year  
5 before the calendar year in which a school year begins, divided  
6 by the Average Daily Attendance figure for that district, shall  
7 be added to the local property tax revenues per pupil as  
8 derived by the application of the immediately preceding  
9 paragraph (3). The sum of these per pupil figures for each  
10 school district shall constitute Available Local Resources as  
11 that term is utilized in subsection (E) in the calculation of  
12 general State aid.

13 (E) Computation of General State Aid.

14 (1) For each school year, the amount of general State aid  
15 allotted to a school district shall be computed by the State  
16 Board of Education as provided in this subsection.

17 (2) For any school district for which Available Local  
18 Resources per pupil is less than the product of 0.93 times the  
19 Foundation Level, general State aid for that district shall be  
20 calculated as an amount equal to the Foundation Level minus  
21 Available Local Resources, multiplied by the Average Daily  
22 Attendance of the school district.

23 (3) For any school district for which Available Local  
24 Resources per pupil is equal to or greater than the product of  
25 0.93 times the Foundation Level and less than the product of

1 1.75 times the Foundation Level, the general State aid per  
2 pupil shall be a decimal proportion of the Foundation Level  
3 derived using a linear algorithm. Under this linear algorithm,  
4 the calculated general State aid per pupil shall decline in  
5 direct linear fashion from 0.07 times the Foundation Level for  
6 a school district with Available Local Resources equal to the  
7 product of 0.93 times the Foundation Level, to 0.05 times the  
8 Foundation Level for a school district with Available Local  
9 Resources equal to the product of 1.75 times the Foundation  
10 Level. The allocation of general State aid for school districts  
11 subject to this paragraph 3 shall be the calculated general  
12 State aid per pupil figure multiplied by the Average Daily  
13 Attendance of the school district.

14 (4) For any school district for which Available Local  
15 Resources per pupil equals or exceeds the product of 1.75 times  
16 the Foundation Level, the general State aid for the school  
17 district shall be calculated as the product of \$218 multiplied  
18 by the Average Daily Attendance of the school district.

19 (5) The amount of general State aid allocated to a school  
20 district for the 1999-2000 school year meeting the requirements  
21 set forth in paragraph (4) of subsection (G) shall be increased  
22 by an amount equal to the general State aid that would have  
23 been received by the district for the 1998-1999 school year by  
24 utilizing the Extension Limitation Equalized Assessed  
25 Valuation as calculated in paragraph (4) of subsection (G) less  
26 the general State aid allotted for the 1998-1999 school year.

1 This amount shall be deemed a one time increase, and shall not  
2 affect any future general State aid allocations.

3 (F) Compilation of Average Daily Attendance.

4 (1) Each school district shall, by July 1 of each year,  
5 submit to the State Board of Education, on forms prescribed by  
6 the State Board of Education, attendance figures for the school  
7 year that began in the preceding calendar year. The attendance  
8 information so transmitted shall identify the average daily  
9 attendance figures for each month of the school year. Beginning  
10 with the general State aid claim form for the 2002-2003 school  
11 year, districts shall calculate Average Daily Attendance as  
12 provided in subdivisions (a), (b), and (c) of this paragraph  
13 (1).

14 (a) In districts that do not hold year-round classes,  
15 days of attendance in August shall be added to the month of  
16 September and any days of attendance in June shall be added  
17 to the month of May.

18 (b) In districts in which all buildings hold year-round  
19 classes, days of attendance in July and August shall be  
20 added to the month of September and any days of attendance  
21 in June shall be added to the month of May.

22 (c) In districts in which some buildings, but not all,  
23 hold year-round classes, for the non-year-round buildings,  
24 days of attendance in August shall be added to the month of  
25 September and any days of attendance in June shall be added

1 to the month of May. The average daily attendance for the  
2 year-round buildings shall be computed as provided in  
3 subdivision (b) of this paragraph (1). To calculate the  
4 Average Daily Attendance for the district, the average  
5 daily attendance for the year-round buildings shall be  
6 multiplied by the days in session for the non-year-round  
7 buildings for each month and added to the monthly  
8 attendance of the non-year-round buildings.

9 Except as otherwise provided in this Section, days of  
10 attendance by pupils shall be counted only for sessions of not  
11 less than 5 clock hours of school work per day under direct  
12 supervision of: (i) teachers, or (ii) non-teaching personnel or  
13 volunteer personnel when engaging in non-teaching duties and  
14 supervising in those instances specified in subsection (a) of  
15 Section 10-22.34 and paragraph 10 of Section 34-18, with pupils  
16 of legal school age and in kindergarten and grades 1 through  
17 12.

18 Days of attendance by tuition pupils shall be accredited  
19 only to the districts that pay the tuition to a recognized  
20 school.

21 (2) Days of attendance by pupils of less than 5 clock hours  
22 of school shall be subject to the following provisions in the  
23 compilation of Average Daily Attendance.

24 (a) Pupils regularly enrolled in a public school for  
25 only a part of the school day may be counted on the basis  
26 of 1/6 day for every class hour of instruction of 40

1 minutes or more attended pursuant to such enrollment,  
2 unless a pupil is enrolled in a block-schedule format of 80  
3 minutes or more of instruction, in which case the pupil may  
4 be counted on the basis of the proportion of minutes of  
5 school work completed each day to the minimum number of  
6 minutes that school work is required to be held that day.

7 (b) Days of attendance may be less than 5 clock hours  
8 on the opening and closing of the school term, and upon the  
9 first day of pupil attendance, if preceded by a day or days  
10 utilized as an institute or teachers' workshop.

11 (c) A session of 4 or more clock hours may be counted  
12 as a day of attendance upon certification by the regional  
13 superintendent, and approved by the State Superintendent  
14 of Education to the extent that the district has been  
15 forced to use daily multiple sessions.

16 (d) A session of 3 or more clock hours may be counted  
17 as a day of attendance (1) when the remainder of the school  
18 day or at least 2 hours in the evening of that day is  
19 utilized for an in-service training program for teachers,  
20 up to a maximum of 5 days per school year, provided a  
21 district conducts an in-service training program for  
22 teachers in accordance with Section 10-22.39 of this Code;  
23 or, in lieu of 4 such days, 2 full days may be used, in  
24 which event each such day may be counted as a day required  
25 for a legal school calendar pursuant to Section 10-19 of  
26 this Code; (1.5) when, of the 5 days allowed under item

1 (1), a maximum of 4 days are used for parent-teacher  
2 conferences, or, in lieu of 4 such days, 2 full days are  
3 used, in which case each such day may be counted as a  
4 calendar day required under Section 10-19 of this Code,  
5 provided that the full-day, parent-teacher conference  
6 consists of (i) a minimum of 5 clock hours of  
7 parent-teacher conferences, (ii) both a minimum of 2 clock  
8 hours of parent-teacher conferences held in the evening  
9 following a full day of student attendance, as specified in  
10 subsection (F)(1)(c), and a minimum of 3 clock hours of  
11 parent-teacher conferences held on the day immediately  
12 following evening parent-teacher conferences, or (iii)  
13 multiple parent-teacher conferences held in the evenings  
14 following full days of student attendance, as specified in  
15 subsection (F)(1)(c), in which the time used for the  
16 parent-teacher conferences is equivalent to a minimum of 5  
17 clock hours; and (2) when days in addition to those  
18 provided in items (1) and (1.5) are scheduled by a school  
19 pursuant to its school improvement plan adopted under  
20 Article 34 or its revised or amended school improvement  
21 plan adopted under Article 2, provided that (i) such  
22 sessions of 3 or more clock hours are scheduled to occur at  
23 regular intervals, (ii) the remainder of the school days in  
24 which such sessions occur are utilized for in-service  
25 training programs or other staff development activities  
26 for teachers, and (iii) a sufficient number of minutes of

1 school work under the direct supervision of teachers are  
2 added to the school days between such regularly scheduled  
3 sessions to accumulate not less than the number of minutes  
4 by which such sessions of 3 or more clock hours fall short  
5 of 5 clock hours. Any full days used for the purposes of  
6 this paragraph shall not be considered for computing  
7 average daily attendance. Days scheduled for in-service  
8 training programs, staff development activities, or  
9 parent-teacher conferences may be scheduled separately for  
10 different grade levels and different attendance centers of  
11 the district.

12 (e) A session of not less than one clock hour of  
13 teaching hospitalized or homebound pupils on-site or by  
14 telephone to the classroom may be counted as 1/2 day of  
15 attendance, however these pupils must receive 4 or more  
16 clock hours of instruction to be counted for a full day of  
17 attendance.

18 (f) A session of at least 4 clock hours may be counted  
19 as a day of attendance for first grade pupils, and pupils  
20 in full day kindergartens, and a session of 2 or more hours  
21 may be counted as 1/2 day of attendance by pupils in  
22 kindergartens which provide only 1/2 day of attendance.

23 (g) For children with disabilities who are below the  
24 age of 6 years and who cannot attend 2 or more clock hours  
25 because of their disability or immaturity, a session of not  
26 less than one clock hour may be counted as 1/2 day of

1 attendance; however for such children whose educational  
2 needs so require a session of 4 or more clock hours may be  
3 counted as a full day of attendance.

4 (h) A recognized kindergarten which provides for only  
5 1/2 day of attendance by each pupil shall not have more  
6 than 1/2 day of attendance counted in any one day. However,  
7 kindergartens may count 2 1/2 days of attendance in any 5  
8 consecutive school days. When a pupil attends such a  
9 kindergarten for 2 half days on any one school day, the  
10 pupil shall have the following day as a day absent from  
11 school, unless the school district obtains permission in  
12 writing from the State Superintendent of Education.  
13 Attendance at kindergartens which provide for a full day of  
14 attendance by each pupil shall be counted the same as  
15 attendance by first grade pupils. Only the first year of  
16 attendance in one kindergarten shall be counted, except in  
17 case of children who entered the kindergarten in their  
18 fifth year whose educational development requires a second  
19 year of kindergarten as determined under the rules and  
20 regulations of the State Board of Education.

21 (i) On the days when the Prairie State Achievement  
22 Examination is administered under subsection (c) of  
23 Section 2-3.64 of this Code, the day of attendance for a  
24 pupil whose school day must be shortened to accommodate  
25 required testing procedures may be less than 5 clock hours  
26 and shall be counted towards the 176 days of actual pupil

1 attendance required under Section 10-19 of this Code,  
2 provided that a sufficient number of minutes of school work  
3 in excess of 5 clock hours are first completed on other  
4 school days to compensate for the loss of school work on  
5 the examination days.

6 (G) Equalized Assessed Valuation Data.

7 (1) For purposes of the calculation of Available Local  
8 Resources required pursuant to subsection (D), the State Board  
9 of Education shall secure from the Department of Revenue the  
10 value as equalized or assessed by the Department of Revenue of  
11 all taxable property of every school district, together with  
12 (i) the applicable tax rate used in extending taxes for the  
13 funds of the district as of September 30 of the previous year  
14 and (ii) the limiting rate for all school districts subject to  
15 property tax extension limitations as imposed under the  
16 Property Tax Extension Limitation Law.

17 The Department of Revenue shall add to the equalized  
18 assessed value of all taxable property of each school district  
19 situated entirely or partially within a county that is or was  
20 subject to the provisions of Section 15-176 or 15-177 of the  
21 Property Tax Code (a) an amount equal to the total amount by  
22 which the homestead exemption allowed under Section 15-176 or  
23 15-177 of the Property Tax Code for real property situated in  
24 that school district exceeds the total amount that would have  
25 been allowed in that school district if the maximum reduction

1 under Section 15-176 was (i) \$4,500 in Cook County or \$3,500 in  
2 all other counties in tax year 2003 or (ii) \$5,000 in all  
3 counties in tax year 2004 and thereafter and (b) an amount  
4 equal to the aggregate amount for the taxable year of all  
5 additional exemptions under Section 15-175 of the Property Tax  
6 Code for owners with a household income of \$30,000 or less. The  
7 county clerk of any county that is or was subject to the  
8 provisions of Section 15-176 or 15-177 of the Property Tax Code  
9 shall annually calculate and certify to the Department of  
10 Revenue for each school district all homestead exemption  
11 amounts under Section 15-176 or 15-177 of the Property Tax Code  
12 and all amounts of additional exemptions under Section 15-175  
13 of the Property Tax Code for owners with a household income of  
14 \$30,000 or less. It is the intent of this paragraph that if the  
15 general homestead exemption for a parcel of property is  
16 determined under Section 15-176 or 15-177 of the Property Tax  
17 Code rather than Section 15-175, then the calculation of  
18 Available Local Resources shall not be affected by the  
19 difference, if any, between the amount of the general homestead  
20 exemption allowed for that parcel of property under Section  
21 15-176 or 15-177 of the Property Tax Code and the amount that  
22 would have been allowed had the general homestead exemption for  
23 that parcel of property been determined under Section 15-175 of  
24 the Property Tax Code. It is further the intent of this  
25 paragraph that if additional exemptions are allowed under  
26 Section 15-175 of the Property Tax Code for owners with a

1 household income of less than \$30,000, then the calculation of  
2 Available Local Resources shall not be affected by the  
3 difference, if any, because of those additional exemptions.

4 This equalized assessed valuation, as adjusted further by  
5 the requirements of this subsection, shall be utilized in the  
6 calculation of Available Local Resources.

7 (2) The equalized assessed valuation in paragraph (1) shall  
8 be adjusted, as applicable, in the following manner:

9 (a) For the purposes of calculating State aid under  
10 this Section, with respect to any part of a school district  
11 within a redevelopment project area in respect to which a  
12 municipality has adopted tax increment allocation  
13 financing pursuant to the Tax Increment Allocation  
14 Redevelopment Act, Sections 11-74.4-1 through 11-74.4-11  
15 of the Illinois Municipal Code or the Industrial Jobs  
16 Recovery Law, Sections 11-74.6-1 through 11-74.6-50 of the  
17 Illinois Municipal Code, no part of the current equalized  
18 assessed valuation of real property located in any such  
19 project area which is attributable to an increase above the  
20 total initial equalized assessed valuation of such  
21 property shall be used as part of the equalized assessed  
22 valuation of the district, until such time as all  
23 redevelopment project costs have been paid, as provided in  
24 Section 11-74.4-8 of the Tax Increment Allocation  
25 Redevelopment Act or in Section 11-74.6-35 of the  
26 Industrial Jobs Recovery Law. For the purpose of the

1 equalized assessed valuation of the district, the total  
2 initial equalized assessed valuation or the current  
3 equalized assessed valuation, whichever is lower, shall be  
4 used until such time as all redevelopment project costs  
5 have been paid.

6 (b) The real property equalized assessed valuation for  
7 a school district shall be adjusted by subtracting from the  
8 real property value as equalized or assessed by the  
9 Department of Revenue for the district an amount computed  
10 by dividing the amount of any abatement of taxes under  
11 Section 18-170 of the Property Tax Code by 3.00% for a  
12 district maintaining grades kindergarten through 12, by  
13 2.30% for a district maintaining grades kindergarten  
14 through 8, or by 1.05% for a district maintaining grades 9  
15 through 12 and adjusted by an amount computed by dividing  
16 the amount of any abatement of taxes under subsection (a)  
17 of Section 18-165 of the Property Tax Code by the same  
18 percentage rates for district type as specified in this  
19 subparagraph (b).

20 (3) For the 1999-2000 school year and each school year  
21 thereafter, if a school district meets all of the criteria of  
22 this subsection (G) (3), the school district's Available Local  
23 Resources shall be calculated under subsection (D) using the  
24 district's Extension Limitation Equalized Assessed Valuation  
25 as calculated under this subsection (G) (3).

26 For purposes of this subsection (G) (3) the following terms

1 shall have the following meanings:

2 "Budget Year": The school year for which general State  
3 aid is calculated and awarded under subsection (E).

4 "Base Tax Year": The property tax levy year used to  
5 calculate the Budget Year allocation of general State aid.

6 "Preceding Tax Year": The property tax levy year  
7 immediately preceding the Base Tax Year.

8 "Base Tax Year's Tax Extension": The product of the  
9 equalized assessed valuation utilized by the County Clerk  
10 in the Base Tax Year multiplied by the limiting rate as  
11 calculated by the County Clerk and defined in the Property  
12 Tax Extension Limitation Law.

13 "Preceding Tax Year's Tax Extension": The product of  
14 the equalized assessed valuation utilized by the County  
15 Clerk in the Preceding Tax Year multiplied by the Operating  
16 Tax Rate as defined in subsection (A).

17 "Extension Limitation Ratio": A numerical ratio,  
18 certified by the County Clerk, in which the numerator is  
19 the Base Tax Year's Tax Extension and the denominator is  
20 the Preceding Tax Year's Tax Extension.

21 "Operating Tax Rate": The operating tax rate as defined  
22 in subsection (A).

23 If a school district is subject to property tax extension  
24 limitations as imposed under the Property Tax Extension  
25 Limitation Law, the State Board of Education shall calculate  
26 the Extension Limitation Equalized Assessed Valuation of that

1 district. For the 1999-2000 school year, the Extension  
2 Limitation Equalized Assessed Valuation of a school district as  
3 calculated by the State Board of Education shall be equal to  
4 the product of the district's 1996 Equalized Assessed Valuation  
5 and the district's Extension Limitation Ratio. Except as  
6 otherwise provided in this paragraph for a school district that  
7 has approved or does approve an increase in its limiting rate,  
8 for the 2000-2001 school year and each school year thereafter,  
9 the Extension Limitation Equalized Assessed Valuation of a  
10 school district as calculated by the State Board of Education  
11 shall be equal to the product of the Equalized Assessed  
12 Valuation last used in the calculation of general State aid and  
13 the district's Extension Limitation Ratio. If the Extension  
14 Limitation Equalized Assessed Valuation of a school district as  
15 calculated under this subsection (G)(3) is less than the  
16 district's equalized assessed valuation as calculated pursuant  
17 to subsections (G)(1) and (G)(2), then for purposes of  
18 calculating the district's general State aid for the Budget  
19 Year pursuant to subsection (E), that Extension Limitation  
20 Equalized Assessed Valuation shall be utilized to calculate the  
21 district's Available Local Resources under subsection (D). For  
22 the 2009-2010 school year and each school year thereafter, if a  
23 school district has approved or does approve an increase in its  
24 limiting rate, pursuant to Section 18-190 of the Property Tax  
25 Code, affecting the Base Tax Year, the Extension Limitation  
26 Equalized Assessed Valuation of the school district, as

1 calculated by the State Board of Education, shall be equal to  
2 the product of the Equalized Assessed Valuation last used in  
3 the calculation of general State aid times an amount equal to  
4 one plus the percentage increase, if any, in the Consumer Price  
5 Index for all Urban Consumers for all items published by the  
6 United States Department of Labor for the 12-month calendar  
7 year preceding the Base Tax Year, plus the Equalized Assessed  
8 Valuation of new property, annexed property, and recovered tax  
9 increment value and minus the Equalized Assessed Valuation of  
10 disconnected property. New property and recovered tax  
11 increment value shall have the meanings set forth in the  
12 Property Tax Extension Limitation Law.

13 Partial elementary unit districts created in accordance  
14 with Article 11E of this Code shall not be eligible for the  
15 adjustment in this subsection (G)(3) until the fifth year  
16 following the effective date of the reorganization.

17 (3.5) For the 2010-2011 school year and each school year  
18 thereafter, if a school district's boundaries span multiple  
19 counties, then the Department of Revenue shall send to the  
20 State Board of Education, for the purpose of calculating  
21 general State aid, the limiting rate and individual rates by  
22 purpose for the county that contains the majority of the school  
23 district's Equalized Assessed Valuation.

24 (4) For the purposes of calculating general State aid for  
25 the 1999-2000 school year only, if a school district  
26 experienced a triennial reassessment on the equalized assessed

1 valuation used in calculating its general State financial aid  
2 apportionment for the 1998-1999 school year, the State Board of  
3 Education shall calculate the Extension Limitation Equalized  
4 Assessed Valuation that would have been used to calculate the  
5 district's 1998-1999 general State aid. This amount shall equal  
6 the product of the equalized assessed valuation used to  
7 calculate general State aid for the 1997-1998 school year and  
8 the district's Extension Limitation Ratio. If the Extension  
9 Limitation Equalized Assessed Valuation of the school district  
10 as calculated under this paragraph (4) is less than the  
11 district's equalized assessed valuation utilized in  
12 calculating the district's 1998-1999 general State aid  
13 allocation, then for purposes of calculating the district's  
14 general State aid pursuant to paragraph (5) of subsection (E),  
15 that Extension Limitation Equalized Assessed Valuation shall  
16 be utilized to calculate the district's Available Local  
17 Resources.

18 (5) For school districts having a majority of their  
19 equalized assessed valuation in any county except Cook, DuPage,  
20 Kane, Lake, McHenry, or Will, if the amount of general State  
21 aid allocated to the school district for the 1999-2000 school  
22 year under the provisions of subsection (E), (H), and (J) of  
23 this Section is less than the amount of general State aid  
24 allocated to the district for the 1998-1999 school year under  
25 these subsections, then the general State aid of the district  
26 for the 1999-2000 school year only shall be increased by the

1 difference between these amounts. The total payments made under  
2 this paragraph (5) shall not exceed \$14,000,000. Claims shall  
3 be prorated if they exceed \$14,000,000.

4 (H) Supplemental General State Aid.

5 (1) In addition to the general State aid a school district  
6 is allotted pursuant to subsection (E), qualifying school  
7 districts shall receive a grant, paid in conjunction with a  
8 district's payments of general State aid, for supplemental  
9 general State aid based upon the concentration level of  
10 children from low-income households within the school  
11 district. Supplemental State aid grants provided for school  
12 districts under this subsection shall be appropriated for  
13 distribution to school districts as part of the same line item  
14 in which the general State financial aid of school districts is  
15 appropriated under this Section.

16 (1.5) This paragraph (1.5) applies only to those school  
17 years preceding the 2003-2004 school year. For purposes of this  
18 subsection (H), the term "Low-Income Concentration Level"  
19 shall be the low-income eligible pupil count from the most  
20 recently available federal census divided by the Average Daily  
21 Attendance of the school district. If, however, (i) the  
22 percentage decrease from the 2 most recent federal censuses in  
23 the low-income eligible pupil count of a high school district  
24 with fewer than 400 students exceeds by 75% or more the  
25 percentage change in the total low-income eligible pupil count

1 of contiguous elementary school districts, whose boundaries  
2 are coterminous with the high school district, or (ii) a high  
3 school district within 2 counties and serving 5 elementary  
4 school districts, whose boundaries are coterminous with the  
5 high school district, has a percentage decrease from the 2 most  
6 recent federal censuses in the low-income eligible pupil count  
7 and there is a percentage increase in the total low-income  
8 eligible pupil count of a majority of the elementary school  
9 districts in excess of 50% from the 2 most recent federal  
10 censuses, then the high school district's low-income eligible  
11 pupil count from the earlier federal census shall be the number  
12 used as the low-income eligible pupil count for the high school  
13 district, for purposes of this subsection (H). The changes made  
14 to this paragraph (1) by Public Act 92-28 shall apply to  
15 supplemental general State aid grants for school years  
16 preceding the 2003-2004 school year that are paid in fiscal  
17 year 1999 or thereafter and to any State aid payments made in  
18 fiscal year 1994 through fiscal year 1998 pursuant to  
19 subsection 1(n) of Section 18-8 of this Code (which was  
20 repealed on July 1, 1998), and any high school district that is  
21 affected by Public Act 92-28 is entitled to a recomputation of  
22 its supplemental general State aid grant or State aid paid in  
23 any of those fiscal years. This recomputation shall not be  
24 affected by any other funding.

25 (1.10) This paragraph (1.10) applies to the 2003-2004  
26 school year through the 2009-2010 school year ~~and each school~~

1 ~~year thereafter~~. For purposes of this subsection (H), the term  
2 "Low-Income Concentration Level" shall, for each fiscal year,  
3 be the low-income eligible pupil count as of July 1 of the  
4 immediately preceding fiscal year (as determined by the  
5 Department of Human Services based on the number of pupils who  
6 are eligible for at least one of the following low income  
7 programs: Medicaid, the Children's Health Insurance Program,  
8 TANF, or Food Stamps, excluding pupils who are eligible for  
9 services provided by the Department of Children and Family  
10 Services, averaged over the 2 immediately preceding fiscal  
11 years for fiscal year 2004 and over the 3 immediately preceding  
12 fiscal years for each fiscal year thereafter) divided by the  
13 Average Daily Attendance of the school district.

14 (1.20) This paragraph (1.20) applies to the 2011-2012  
15 school year and each school year thereafter. For purposes of  
16 this subsection (H), the term "Low-Income Concentration Level"  
17 shall, for each fiscal year, be the low-income eligible pupil  
18 count as of July 1 of the immediately preceding fiscal year (as  
19 determined by the greater of low income concentration using  
20 the most recent federal census data, or the Department of Human  
21 Services based on the number of pupils who are eligible for at  
22 least one of the following low income programs: Medicaid,  
23 KidCare, TANF, or Food Stamps, excluding pupils who are  
24 eligible for services provided by the Department of Children  
25 and Family Services, averaged over the 2 immediately preceding  
26 fiscal years for fiscal year 2004 and over the 3 immediately

1 preceding fiscal years for each fiscal year thereafter) divided  
2 by the Average Daily Attendance of the school district.

3 (2) Supplemental general State aid pursuant to this  
4 subsection (H) shall be provided as follows for the 1998-1999,  
5 1999-2000, and 2000-2001 school years only:

6 (a) For any school district with a Low Income  
7 Concentration Level of at least 20% and less than 35%, the  
8 grant for any school year shall be \$800 multiplied by the  
9 low income eligible pupil count.

10 (b) For any school district with a Low Income  
11 Concentration Level of at least 35% and less than 50%, the  
12 grant for the 1998-1999 school year shall be \$1,100  
13 multiplied by the low income eligible pupil count.

14 (c) For any school district with a Low Income  
15 Concentration Level of at least 50% and less than 60%, the  
16 grant for the 1998-99 school year shall be \$1,500  
17 multiplied by the low income eligible pupil count.

18 (d) For any school district with a Low Income  
19 Concentration Level of 60% or more, the grant for the  
20 1998-99 school year shall be \$1,900 multiplied by the low  
21 income eligible pupil count.

22 (e) For the 1999-2000 school year, the per pupil amount  
23 specified in subparagraphs (b), (c), and (d) immediately  
24 above shall be increased to \$1,243, \$1,600, and \$2,000,  
25 respectively.

26 (f) For the 2000-2001 school year, the per pupil

1 amounts specified in subparagraphs (b), (c), and (d)  
2 immediately above shall be \$1,273, \$1,640, and \$2,050,  
3 respectively.

4 (2.5) Supplemental general State aid pursuant to this  
5 subsection (H) shall be provided as follows for the 2002-2003  
6 school year:

7 (a) For any school district with a Low Income  
8 Concentration Level of less than 10%, the grant for each  
9 school year shall be \$355 multiplied by the low income  
10 eligible pupil count.

11 (b) For any school district with a Low Income  
12 Concentration Level of at least 10% and less than 20%, the  
13 grant for each school year shall be \$675 multiplied by the  
14 low income eligible pupil count.

15 (c) For any school district with a Low Income  
16 Concentration Level of at least 20% and less than 35%, the  
17 grant for each school year shall be \$1,330 multiplied by  
18 the low income eligible pupil count.

19 (d) For any school district with a Low Income  
20 Concentration Level of at least 35% and less than 50%, the  
21 grant for each school year shall be \$1,362 multiplied by  
22 the low income eligible pupil count.

23 (e) For any school district with a Low Income  
24 Concentration Level of at least 50% and less than 60%, the  
25 grant for each school year shall be \$1,680 multiplied by  
26 the low income eligible pupil count.

1           (f) For any school district with a Low Income  
2           Concentration Level of 60% or more, the grant for each  
3           school year shall be \$2,080 multiplied by the low income  
4           eligible pupil count.

5           (2.10) Except as otherwise provided, supplemental general  
6           State aid pursuant to this subsection (H) shall be provided as  
7           follows for the 2003-2004 school year and each school year  
8           thereafter:

9           (a) For any school district with a Low Income  
10           Concentration Level of 15% or less, the grant for each  
11           school year shall be \$355 multiplied by the low income  
12           eligible pupil count. For the 2011-2012 school year and  
13           each school year thereafter, the grant shall be \$355,  
14           increased by the percentage increase, if any, in the ECI  
15           published for the immediately preceding school year, and  
16           then multiplied by the low income eligible pupil count.

17           (b) For any school district with a Low Income  
18           Concentration Level greater than 15%, the grant for each  
19           school year shall be \$294.25 added to the product of \$2,700  
20           and the square of the Low Income Concentration Level, all  
21           multiplied by the low income eligible pupil count. For the  
22           2011-2012 school year and each school year thereafter, the  
23           grant shall be \$294.25, increased by the percentage  
24           increase, if any, in the ECI published for the immediately  
25           preceding school year, then added to the product of (i)  
26           \$2,700, which amount shall be increased by the percentage

1       increase, if any, in the ECI published for the immediately  
2       preceding school year and (ii) the square of the Low Income  
3       Concentration Level, and then all multiplied by the low  
4       income eligible pupil count.

5       For the 2003-2004 school year and each school year  
6       thereafter through the 2008-2009 school year only, the grant  
7       shall be no less than the grant for the 2002-2003 school year.  
8       For the 2009-2010 school year only, the grant shall be no less  
9       than the grant for the 2002-2003 school year multiplied by  
10      0.66. For the 2010-2011 school year only, the grant shall be no  
11      less than the grant for the 2002-2003 school year multiplied by  
12      0.33. Notwithstanding the provisions of this paragraph to the  
13      contrary, if for any school year supplemental general State aid  
14      grants are prorated as provided in paragraph (1) of this  
15      subsection (H), then the grants under this paragraph shall be  
16      prorated.

17      For the 2003-2004 school year only, the grant shall be no  
18      greater than the grant received during the 2002-2003 school  
19      year added to the product of 0.25 multiplied by the difference  
20      between the grant amount calculated under subsection (a) or (b)  
21      of this paragraph (2.10), whichever is applicable, and the  
22      grant received during the 2002-2003 school year. For the  
23      2004-2005 school year only, the grant shall be no greater than  
24      the grant received during the 2002-2003 school year added to  
25      the product of 0.50 multiplied by the difference between the  
26      grant amount calculated under subsection (a) or (b) of this

1 paragraph (2.10), whichever is applicable, and the grant  
2 received during the 2002-2003 school year. For the 2005-2006  
3 school year only, the grant shall be no greater than the grant  
4 received during the 2002-2003 school year added to the product  
5 of 0.75 multiplied by the difference between the grant amount  
6 calculated under subsection (a) or (b) of this paragraph  
7 (2.10), whichever is applicable, and the grant received during  
8 the 2002-2003 school year.

9 (3) School districts with an Average Daily Attendance of  
10 more than 1,000 and less than 50,000 that qualify for  
11 supplemental general State aid pursuant to this subsection  
12 shall submit a plan to the State Board of Education prior to  
13 October 30 of each year for the use of the funds resulting from  
14 this grant of supplemental general State aid for the  
15 improvement of instruction in which priority is given to  
16 meeting the education needs of disadvantaged children. Such  
17 plan shall be submitted in accordance with rules and  
18 regulations promulgated by the State Board of Education.

19 (4) School districts with an Average Daily Attendance of  
20 50,000 or more that qualify for supplemental general State aid  
21 pursuant to this subsection shall be required to distribute  
22 from funds available pursuant to this Section, no less than  
23 \$261,000,000 in accordance with the following requirements:

24 (a) The required amounts shall be distributed to the  
25 attendance centers within the district in proportion to the  
26 number of pupils enrolled at each attendance center who are

1 eligible to receive free or reduced-price lunches or  
2 breakfasts under the federal Child Nutrition Act of 1966  
3 and under the National School Lunch Act during the  
4 immediately preceding school year.

5 (b) The distribution of these portions of supplemental  
6 and general State aid among attendance centers according to  
7 these requirements shall not be compensated for or  
8 contravened by adjustments of the total of other funds  
9 appropriated to any attendance centers, and the Board of  
10 Education shall utilize funding from one or several sources  
11 in order to fully implement this provision annually prior  
12 to the opening of school.

13 (c) Each attendance center shall be provided by the  
14 school district a distribution of noncategorical funds and  
15 other categorical funds to which an attendance center is  
16 entitled under law in order that the general State aid and  
17 supplemental general State aid provided by application of  
18 this subsection supplements rather than supplants the  
19 noncategorical funds and other categorical funds provided  
20 by the school district to the attendance centers.

21 (d) Any funds made available under this subsection that  
22 by reason of the provisions of this subsection are not  
23 required to be allocated and provided to attendance centers  
24 may be used and appropriated by the board of the district  
25 for any lawful school purpose.

26 (e) Funds received by an attendance center pursuant to

1           this subsection shall be used by the attendance center at  
2           the discretion of the principal and local school council  
3           for programs to improve educational opportunities at  
4           qualifying schools through the following programs and  
5           services: early childhood education, reduced class size or  
6           improved adult to student classroom ratio, enrichment  
7           programs, remedial assistance, attendance improvement, and  
8           other educationally beneficial expenditures which  
9           supplement the regular and basic programs as determined by  
10          the State Board of Education. Funds provided shall not be  
11          expended for any political or lobbying purposes as defined  
12          by board rule.

13           (f) Each district subject to the provisions of this  
14          subdivision (H)(4) shall submit an acceptable plan to meet  
15          the educational needs of disadvantaged children, in  
16          compliance with the requirements of this paragraph, to the  
17          State Board of Education prior to July 15 of each year.  
18          This plan shall be consistent with the decisions of local  
19          school councils concerning the school expenditure plans  
20          developed in accordance with part 4 of Section 34-2.3. The  
21          State Board shall approve or reject the plan within 60 days  
22          after its submission. If the plan is rejected, the district  
23          shall give written notice of intent to modify the plan  
24          within 15 days of the notification of rejection and then  
25          submit a modified plan within 30 days after the date of the  
26          written notice of intent to modify. Districts may amend

1 approved plans pursuant to rules promulgated by the State  
2 Board of Education.

3 Upon notification by the State Board of Education that  
4 the district has not submitted a plan prior to July 15 or a  
5 modified plan within the time period specified herein, the  
6 State aid funds affected by that plan or modified plan  
7 shall be withheld by the State Board of Education until a  
8 plan or modified plan is submitted.

9 If the district fails to distribute State aid to  
10 attendance centers in accordance with an approved plan, the  
11 plan for the following year shall allocate funds, in  
12 addition to the funds otherwise required by this  
13 subsection, to those attendance centers which were  
14 underfunded during the previous year in amounts equal to  
15 such underfunding.

16 For purposes of determining compliance with this  
17 subsection in relation to the requirements of attendance  
18 center funding, each district subject to the provisions of  
19 this subsection shall submit as a separate document by  
20 December 1 of each year a report of expenditure data for  
21 the prior year in addition to any modification of its  
22 current plan. If it is determined that there has been a  
23 failure to comply with the expenditure provisions of this  
24 subsection regarding contravention or supplanting, the  
25 State Superintendent of Education shall, within 60 days of  
26 receipt of the report, notify the district and any affected

1 local school council. The district shall within 45 days of  
2 receipt of that notification inform the State  
3 Superintendent of Education of the remedial or corrective  
4 action to be taken, whether by amendment of the current  
5 plan, if feasible, or by adjustment in the plan for the  
6 following year. Failure to provide the expenditure report  
7 or the notification of remedial or corrective action in a  
8 timely manner shall result in a withholding of the affected  
9 funds.

10 The State Board of Education shall promulgate rules and  
11 regulations to implement the provisions of this  
12 subsection. No funds shall be released under this  
13 subdivision (H) (4) to any district that has not submitted a  
14 plan that has been approved by the State Board of  
15 Education.

16 (I) (Blank).

17 (I-5) General State Aid for Newly Configured School Districts.

18 (1) For a new school district formed by combining property  
19 included totally within 2 or more previously existing school  
20 districts, for its first year of existence the general State  
21 aid and supplemental general State aid calculated under this  
22 Section shall be computed for the new district and for the  
23 previously existing districts for which property is totally  
24 included within the new district. If the computation on the

1 basis of the previously existing districts is greater, a  
2 supplementary payment equal to the difference shall be made for  
3 the first 4 years of existence of the new district.

4 (2) For a school district which annexes all of the  
5 territory of one or more entire other school districts, for the  
6 first year during which the change of boundaries attributable  
7 to such annexation becomes effective for all purposes as  
8 determined under Section 7-9 or 7A-8, the general State aid and  
9 supplemental general State aid calculated under this Section  
10 shall be computed for the annexing district as constituted  
11 after the annexation and for the annexing and each annexed  
12 district as constituted prior to the annexation; and if the  
13 computation on the basis of the annexing and annexed districts  
14 as constituted prior to the annexation is greater, a  
15 supplementary payment equal to the difference shall be made for  
16 the first 4 years of existence of the annexing school district  
17 as constituted upon such annexation.

18 (3) For 2 or more school districts which annex all of the  
19 territory of one or more entire other school districts, and for  
20 2 or more community unit districts which result upon the  
21 division (pursuant to petition under Section 11A-2) of one or  
22 more other unit school districts into 2 or more parts and which  
23 together include all of the parts into which such other unit  
24 school district or districts are so divided, for the first year  
25 during which the change of boundaries attributable to such  
26 annexation or division becomes effective for all purposes as

1 determined under Section 7-9 or 11A-10, as the case may be, the  
2 general State aid and supplemental general State aid calculated  
3 under this Section shall be computed for each annexing or  
4 resulting district as constituted after the annexation or  
5 division and for each annexing and annexed district, or for  
6 each resulting and divided district, as constituted prior to  
7 the annexation or division; and if the aggregate of the general  
8 State aid and supplemental general State aid as so computed for  
9 the annexing or resulting districts as constituted after the  
10 annexation or division is less than the aggregate of the  
11 general State aid and supplemental general State aid as so  
12 computed for the annexing and annexed districts, or for the  
13 resulting and divided districts, as constituted prior to the  
14 annexation or division, then a supplementary payment equal to  
15 the difference shall be made and allocated between or among the  
16 annexing or resulting districts, as constituted upon such  
17 annexation or division, for the first 4 years of their  
18 existence. The total difference payment shall be allocated  
19 between or among the annexing or resulting districts in the  
20 same ratio as the pupil enrollment from that portion of the  
21 annexed or divided district or districts which is annexed to or  
22 included in each such annexing or resulting district bears to  
23 the total pupil enrollment from the entire annexed or divided  
24 district or districts, as such pupil enrollment is determined  
25 for the school year last ending prior to the date when the  
26 change of boundaries attributable to the annexation or division

1 becomes effective for all purposes. The amount of the total  
2 difference payment and the amount thereof to be allocated to  
3 the annexing or resulting districts shall be computed by the  
4 State Board of Education on the basis of pupil enrollment and  
5 other data which shall be certified to the State Board of  
6 Education, on forms which it shall provide for that purpose, by  
7 the regional superintendent of schools for each educational  
8 service region in which the annexing and annexed districts, or  
9 resulting and divided districts are located. (3.5) Claims for  
10 financial assistance under this subsection (I) shall not be  
11 recomputed except as expressly provided under this Section.

12 (4) Any supplementary payment made under this subsection  
13 (I) shall be treated as separate from all other payments made  
14 pursuant to this Section.

15 (J) Supplementary Grants in Aid.

16 (1) Notwithstanding any other provisions of this Section,  
17 the amount of the aggregate general State aid in combination  
18 with supplemental general State aid under this Section for  
19 which each school district is eligible shall be no less than  
20 the amount of the aggregate general State aid entitlement that  
21 was received by the district under Section 18-8 (exclusive of  
22 amounts received under subsections 5(p) and 5(p-5) of that  
23 Section) for the 1997-98 school year, pursuant to the  
24 provisions of that Section as it was then in effect. If a  
25 school district qualifies to receive a supplementary payment

1 made under this subsection (J), the amount of the aggregate  
2 general State aid in combination with supplemental general  
3 State aid under this Section which that district is eligible to  
4 receive for each school year shall be no less than the amount  
5 of the aggregate general State aid entitlement that was  
6 received by the district under Section 18-8 (exclusive of  
7 amounts received under subsections 5(p) and 5(p-5) of that  
8 Section) for the 1997-1998 school year, pursuant to the  
9 provisions of that Section as it was then in effect.

10 (2) If, as provided in paragraph (1) of this subsection  
11 (J), a school district is to receive aggregate general State  
12 aid in combination with supplemental general State aid under  
13 this Section for the 1998-99 school year and any subsequent  
14 school year that in any such school year is less than the  
15 amount of the aggregate general State aid entitlement that the  
16 district received for the 1997-98 school year, the school  
17 district shall also receive, from a separate appropriation made  
18 for purposes of this subsection (J), a supplementary payment  
19 that is equal to the amount of the difference in the aggregate  
20 State aid figures as described in paragraph (1).

21 (3) (Blank).

22 (K) Grants to Laboratory and Alternative Schools.

23 In calculating the amount to be paid to the governing board  
24 of a public university that operates a laboratory school under  
25 this Section or to any alternative school that is operated by a

1 regional superintendent of schools, the State Board of  
2 Education shall require by rule such reporting requirements as  
3 it deems necessary.

4 As used in this Section, "laboratory school" means a public  
5 school which is created and operated by a public university and  
6 approved by the State Board of Education. The governing board  
7 of a public university which receives funds from the State  
8 Board under this subsection (K) may not increase the number of  
9 students enrolled in its laboratory school from a single  
10 district, if that district is already sending 50 or more  
11 students, except under a mutual agreement between the school  
12 board of a student's district of residence and the university  
13 which operates the laboratory school. A laboratory school may  
14 not have more than 1,000 students, excluding students with  
15 disabilities in a special education program.

16 As used in this Section, "alternative school" means a  
17 public school which is created and operated by a Regional  
18 Superintendent of Schools and approved by the State Board of  
19 Education. Such alternative schools may offer courses of  
20 instruction for which credit is given in regular school  
21 programs, courses to prepare students for the high school  
22 equivalency testing program or vocational and occupational  
23 training. A regional superintendent of schools may contract  
24 with a school district or a public community college district  
25 to operate an alternative school. An alternative school serving  
26 more than one educational service region may be established by

1 the regional superintendents of schools of the affected  
2 educational service regions. An alternative school serving  
3 more than one educational service region may be operated under  
4 such terms as the regional superintendents of schools of those  
5 educational service regions may agree.

6 Each laboratory and alternative school shall file, on forms  
7 provided by the State Superintendent of Education, an annual  
8 State aid claim which states the Average Daily Attendance of  
9 the school's students by month. The best 3 months' Average  
10 Daily Attendance shall be computed for each school. The general  
11 State aid entitlement shall be computed by multiplying the  
12 applicable Average Daily Attendance by the Foundation Level as  
13 determined under this Section.

14 (L) Payments, Additional Grants in Aid and Other Requirements.

15 (1) For a school district operating under the financial  
16 supervision of an Authority created under Article 34A, the  
17 general State aid otherwise payable to that district under this  
18 Section, but not the supplemental general State aid, shall be  
19 reduced by an amount equal to the budget for the operations of  
20 the Authority as certified by the Authority to the State Board  
21 of Education, and an amount equal to such reduction shall be  
22 paid to the Authority created for such district for its  
23 operating expenses in the manner provided in Section 18-11. The  
24 remainder of general State school aid for any such district  
25 shall be paid in accordance with Article 34A when that Article

1 provides for a disposition other than that provided by this  
2 Article.

3 (2) (Blank).

4 (3) Summer school. Summer school payments shall be made as  
5 provided in Section 18-4.3.

6 (M) Education Funding Advisory Board.

7 The Education Funding Advisory Board, hereinafter in this  
8 subsection (M) referred to as the "Board", is hereby created.  
9 The Board shall consist of 5 members who are appointed by the  
10 Governor, by and with the advice and consent of the Senate. The  
11 members appointed shall include representatives of education,  
12 business, and the general public. One of the members so  
13 appointed shall be designated by the Governor at the time the  
14 appointment is made as the chairperson of the Board. The  
15 initial members of the Board may be appointed any time after  
16 the effective date of this amendatory Act of 1997. The regular  
17 term of each member of the Board shall be for 4 years from the  
18 third Monday of January of the year in which the term of the  
19 member's appointment is to commence, except that of the 5  
20 initial members appointed to serve on the Board, the member who  
21 is appointed as the chairperson shall serve for a term that  
22 commences on the date of his or her appointment and expires on  
23 the third Monday of January, 2002, and the remaining 4 members,  
24 by lots drawn at the first meeting of the Board that is held  
25 after all 5 members are appointed, shall determine 2 of their

1 number to serve for terms that commence on the date of their  
2 respective appointments and expire on the third Monday of  
3 January, 2001, and 2 of their number to serve for terms that  
4 commence on the date of their respective appointments and  
5 expire on the third Monday of January, 2000. All members  
6 appointed to serve on the Board shall serve until their  
7 respective successors are appointed and confirmed. Vacancies  
8 shall be filled in the same manner as original appointments. If  
9 a vacancy in membership occurs at a time when the Senate is not  
10 in session, the Governor shall make a temporary appointment  
11 until the next meeting of the Senate, when he or she shall  
12 appoint, by and with the advice and consent of the Senate, a  
13 person to fill that membership for the unexpired term. If the  
14 Senate is not in session when the initial appointments are  
15 made, those appointments shall be made as in the case of  
16 vacancies.

17 The Education Funding Advisory Board shall be deemed  
18 established, and the initial members appointed by the Governor  
19 to serve as members of the Board shall take office, on the date  
20 that the Governor makes his or her appointment of the fifth  
21 initial member of the Board, whether those initial members are  
22 then serving pursuant to appointment and confirmation or  
23 pursuant to temporary appointments that are made by the  
24 Governor as in the case of vacancies.

25 The State Board of Education shall provide such staff  
26 assistance to the Education Funding Advisory Board as is

1 reasonably required for the proper performance by the Board of  
2 its responsibilities.

3 For school years after the 2000-2001 school year, the  
4 Education Funding Advisory Board, in consultation with the  
5 State Board of Education, shall make recommendations as  
6 provided in this subsection (M) to the General Assembly for the  
7 foundation level under subdivision (B)(3) of this Section and  
8 for the supplemental general State aid grant level under  
9 subsection (H) of this Section for districts with high  
10 concentrations of children from poverty. The recommended  
11 foundation level shall be determined based on a methodology  
12 which incorporates the basic education expenditures of  
13 low-spending schools exhibiting high academic performance. The  
14 Education Funding Advisory Board shall make such  
15 recommendations to the General Assembly on January 1 of odd  
16 numbered years, beginning January 1, 2001.

17 (N) (Blank).

18 (O) References.

19 (1) References in other laws to the various subdivisions of  
20 Section 18-8 as that Section existed before its repeal and  
21 replacement by this Section 18-8.05 shall be deemed to refer to  
22 the corresponding provisions of this Section 18-8.05, to the  
23 extent that those references remain applicable.

24 (2) References in other laws to State Chapter 1 funds shall

1 be deemed to refer to the supplemental general State aid  
2 provided under subsection (H) of this Section.

3 (P) Public Act 93-838 and Public Act 93-808 make inconsistent  
4 changes to this Section. Under Section 6 of the Statute on  
5 Statutes there is an irreconcilable conflict between Public Act  
6 93-808 and Public Act 93-838. Public Act 93-838, being the last  
7 acted upon, is controlling. The text of Public Act 93-838 is  
8 the law regardless of the text of Public Act 93-808.

9 (Source: P.A. 95-331, eff. 8-21-07; 95-644, eff. 10-12-07;  
10 95-707, eff. 1-11-08; 95-744, eff. 7-18-08; 95-903, eff.  
11 8-25-08; 96-45, eff. 7-15-09; 96-152, eff. 8-7-09; 96-300, eff.  
12 8-11-09; 96-328, eff. 8-11-09; 96-640, eff. 8-24-09; 96-959,  
13 eff. 7-1-10; 96-1000, eff. 7-2-10; 96-1480, eff. 11-18-10;  
14 revised 11-24-10.)

15 (105 ILCS 5/18-8.15 new)

16 Sec. 18-8.15. Education appropriation minimum. At a  
17 minimum, the General Assembly shall appropriate from the  
18 General Revenue Fund to the Common School Fund for fiscal year  
19 2012 and each fiscal year thereafter, an amount equal to the  
20 following (the "education appropriation minimum"):

21 (1) for fiscal years 2012 through and including 2017, a  
22 total appropriation equal to the sum of (A) all amounts  
23 appropriated to the Common School Fund for the immediately  
24 preceding fiscal year, plus (B) the amount necessary to

1 increase the Foundation Level of support per student as  
2 provided under subsection (B) (4) of Section 18-8.05 of this  
3 Code, plus (B) the amounts determined under Sections  
4 14-13.01(a) and 5/IC-2(d) of the School Code; and

5 (2) for each fiscal year thereafter, a total  
6 appropriation equal to (A) the Education Appropriation  
7 Minimum for the immediately preceding fiscal year,  
8 increased by the percentage increase, if any, in the ECI  
9 for the last, complete immediately preceding calendar year  
10 or (B) such greater amount as the General Assembly may  
11 appropriate."